

Protest gathers momentum as a third of civil servants respond to unions' call Paris plays down strength of strike

By David Buchan in Paris

A third of France's 1.88m civil servants yesterday responded to their unions' strike call and stayed away from work to protest against government plans to restrain their pay and cut their jobs.

The government generally played down the significance of the strike, comparing the 31 per cent turnout to 87 per cent in a similar protest strike a year ago.

Nevertheless, at the end of the one-day protest that also affected rail and air transport and drew support from private doctors as well as public hospitals, Mr Louis Vignes, secretary general of the pro-communist CGT union, said: "We have the momentum going, which will continue and grow stronger every day".

Anti-government demonstrations were held in most major French cities as well as in Paris, where union leaders led a march across the city centre. The CGT said 100,000 people took part - police put the figure at about 25,000.

Marchers in the capital shouted slogans such as "salaires bloqués, emplois supprimés, Chirac, Juppé, ça ne peut pas durer!" (Wages blocked, jobs cut, Chirac, Juppé, this can't go on!).

Mr Lionel Jospin, leader of the opposition Socialist party, expressed support for the strike - he was accused of "complete demagoguery" by the secretary general of the ruling Gaullist party.



Masked Parisian protesters make a case: 'Stop the lies, down with unemployment, stop instability...the right to work'

Mr Dominique Perben, the civil service minister, sought to ease the situation by repeating his promise of early pay negotiations. The government has promised that this year's civil service pay freeze will not be extended into next year.

But it has said it has little scope - less than FF2bn (\$385m) - to increase wages in 1997, the year in which it hopes to bring the public deficit down to 3 per cent of GDP and thus to qualify France for European monetary union.

The government also appears to be sticking to its plan to reduce the central civil service by 5,600 next year. This would be done by natural wastage rather than redundancy, but the unions have reacted furiously.

The SNCF rail company reported that 40-45 per cent of railway workers, who struck last year for nearly three weeks, answered yesterday's strike call, halting two out of every three trains on mainline and Paris suburban services.

More than a third of the staff of France Télécom, Electricité de France and Air Inter Europe to one in five, the two airlines said.

Stoppages by air traffic controllers and some pilots reduced Air France services to one in three flights and Air Inter Europe to one in five, the two airlines said.

Police, whose estimates are traditionally conservative, said 20,000-25,000 people marched in Bordeaux, the southwestern city of which Mr Juppé is mayor.

EU tourism official asked to retire early

By Caroline Southey in Brussels

A senior civil servant in the European Commission's tourist division has been asked to take early retirement following accusations of mismanagement in the department.

The decision to ask Mr Heinrich von Moltke, director general of the tourism division, to take early retirement was taken on Wednesday during a closed meeting of the commissioners.

However, the commissioners refused to grant a request lodged in June by the Belgian authorities to lift Mr von Moltke's diplomatic immunity. "The grounds given for seeking to lift his immunity are certainly not convincing enough," a Commission official said.

The Commission official stressed that the move to replace Mr von Moltke was not linked to the arrest by Belgian authorities of two officials in the department on fraud charges earlier this year and not a reflection on Mr von Moltke's character.

"The Commission stresses the confidence it has in the integrity of Mr von Moltke," he said. Another EU official added that while Mr von Moltke was head of the division at the time of the alleged fraud, there were no suggestions that he had been involved.

The move came after pressure had been mounting on the Commission to take action. A special Court of Auditors report, which has not yet been made public, has identified irregularities in the department between 1990 and 1994, according to EU officials.

The European parliament last week proposed that 10 per cent of commissioners' salaries should be held in reserve until a re-organisation of the tourism department to reduce the risk of fraud had been put in place.

Mr Christos Papoutis, commissioner for tourism and small and medium-sized enterprises (SMEs), served notice last week that he intended to overhaul the department following consultations with Mr Jacques Santer, president of the Commission and Mr Erkki Liikanen, the commissioner in charge of the budget. He pointed out that the irregularities had taken place before the present Commission under Mr Santer had taken office.

Nevertheless, he said, it was necessary fully to re-organise the division so that fresh impetus could be given to policies favouring SMEs.

EU officials denied that the Commission had been pressed into taking the decision against Mr von Moltke. "We had already been planning to make changes at the department," the official said. Mr von Moltke was close to retirement.

The Court of Auditors reported in 1992 that it had information showing irregularities in the tourism division. The charges were related to the European year of Tourism in 1990 when contracts were allegedly rewarded for kickbacks.



Papoutis: overhaul planned

Gaullists find new unity over tax cuts

The issue of tax cuts is beginning to strain France's coalition government, pulling the centre-right UDF federation away from Mr Alain Juppé, the prime minister, and his Gaullist RPR party.

But this new strain with its junior coalition partner is also causing the RPR to unite closer behind Mr Juppé and President Jacques Chirac, healing their long rift with Mr Edouard Balladur, the Gaullist former prime minister, who joined an RPR meeting at the Elysée yesterday.

In an interview, Mr Balladur stressed that in seeking a modest acceleration of tax cuts, he was not in any way trying to rock the overall balance of Mr Juppé's fiscal strategy.

The National Assembly has approved the government plan to cut income tax by FF25bn (\$5bn) next year, and yesterday voted to cut the first instalment of income tax next spring by 6 per cent, instead of the 5 per cent reduction sought.

But the government is being pressed by UDF backbenchers to go further and cut value added tax and to reverse its planned rise in fuel tax.

The UDF tax-cutting campaign - evidently designed to give it a more popular policy on which to distinguish itself from the Gaullists in the 1998 elections - has prompted a tart response from Gaullists who have challenged their coalition partner to find extra savings in the 1997 budget to justify these extra tax reductions.

The outcome depends, in part, on the stance of Mr Balladur, whose support crosses the RPR/UDF divide: though a Gaullist, he was overwhelmingly backed by the UDF in the early stages of his 1995 presidential campaign against Mr Chirac.

Mr Balladur recently dismissed as "political fiction" the possibility that Mr Chirac might one day ask him to replace Mr Juppé as prime minister. But the passage of time and the advancing prospect of the 1998 election is helping heal past rifts within the Gaullist hierarchy.

In his interview, Mr Balladur said he was seeking certain tax changes, but said that none of these would "greatly change the general equilibrium of the budget" which aims to bring the overall public deficit down to 3 per cent of gross domestic product next year.

Mr Balladur limits his prescription to inject more "optimism" and "activity" into the French economy to: ● Acceleration of income tax cuts. This would involve making the same FF25bn cut in 1997 as Mr Juppé plans, but compressing the timetable for cutting another FF50bn off income tax in subsequent years.

● Cutting the tax on property transactions which stands at 7 per cent in France, compared with 1 per cent in the UK and 2 per cent in Germany.

● New incentives to encourage the French to dip into their high savings and to spend.

● A possible cut in the rate at which the state health insurance agency reimburses medical expenses, if government efforts to manage hospitals more efficiently and to encourage cheaper, generic medicines fail to produce early results.

Though interest rates have come down sharply in France, Mr Balladur claimed there is still some margin for further cuts without endangering the franc's link with the D-Mark.

The former prime minister reflects a growing anxiety in France not about the parity at which the franc will be fixed permanently against the D-Mark in Europe's planned monetary union, but about the euro's rate against the US dollar.

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NEWS: THE AMERICAS

Dole litany fails to dent Clinton

Jurek Martin compares performances in the second US presidential debate

If the second US presidential debate had been a car driving test, here is how an examiner might have rated the Democratic and Republican contenders.

about taxes and savings, two about foreign trade and two more about discrimination (against minorities and gays). The other nine ranged from the Middle East and tobacco to welfare and military pay.

showed steel. "I don't want to respond in kind to all these things," he said. "No attack ever created a job, or educated a child or helped make ends meet. No insult ever cleaned up a toxic waste dump or helped an elderly person."

He often appeared almost indignant of his older opponent as he stuck to his message. The fact that Mr Dole was 72 did not make him unequalled to the president, Mr Clinton said. "It's the age of his ideas which I question."

Some conservative critics of Mr Dole declared the race to be now over. Mr William Kristol thought Mr Dole had admitted as much in a couple of self-deprecating debate asides. Mr George Will pronounced that the Republican party should publicly "resign itself" to his defeat and concentrate on retaining control of Congress.

Baseball takes lead over politics

By Patti Waldmeir in Annandale, Virginia

There were nachos, chicken wings and alcohol-free beer to help ease the pain of withdrawal, but the junkies were suffering. Addicted to both politics and sport, they had faced a difficult choice: Bob Dole or baseball.

Republican runners were organised to collect periodic scores and updates

ball. Republican runners were organised to collect periodic scores and updates, and bring them back to the political front.

Dole volunteer, pleaded with the oblivious candidate, while from the precincts of the bar, another intemperate cheer could be heard.

Mr Parmelee was sure that one such attack had rattled the president: "He's starting to blink now. He's getting to him," he enthused. But the Young Republicans' chairman felt Mr Dole dropped the ball when he failed to reply to an obviously gay questioner by denouncing homosexuality.

COURT OF MILAN BANKRUPTCY E.M.C. FABBRICA MILANESE CONDOTTORI S.P.A. - NO. 60816. Examines proposals for the SALE OF THE COMPANY. Interested parties can send offers to the Official Receiver Dr. Luigi Zorloni, fax no. +39 2 654567, within 20 days of the publication of this notice.

LEGAL NOTICES. IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION COMPANIES COURT. NOTICE IS HEREBY GIVEN that a Petition was on 30th September 1996 presented to Her Majesty's High Court of Justice for the confirmation of a reduction of the Share Premium Account of the Company to the amount of \$4,547,857.

NY to seek tobacco damage suit. By Richard Tomkins in New York. Mr Rudolph Giuliani, the high-profile mayor of New York, was yesterday expected to announce that the city was joining the growing ranks of states and cities suing the US tobacco industry to recover smoking-related healthcare costs.

US growth slows in line with Fed views. US economic growth appears to have slowed in recent months, in line with projections by the Federal Reserve, figures indicated yesterday. The Fed said industrial production grew 0.2 per cent in real terms last month compared with 0.4 per cent in August.

Nicaragua mass rallies end election campaign. By Johanna Tuckman in Managua. Campaigning for Sunday's general elections in Nicaragua has ended following mass rallies in support of the two leading presidential candidates.

Rising oil price is threat to pace of Venezuela reforms. Caldera: strong commitment. The proposed flotation of 40 per cent of the telephone company Cantv would go ahead before the year end, as would the previously postponed sale of Banco de Venezuela. In the first quarter of 1997 the aluminium company of the state industrial holding company CVG would be sold.

IN THE MATTER OF TAYLOR SINCLAIR CAPITAL LTD and IN THE MATTER OF THE INSOLVENCY ACT 1986. The Petition to wind up the above-named Company of 21 Knightbridge, London SW1X 7LY, presented on 8th October 1996 by Powerhouse Resources Inc. of 1624 Market Street, Suite 303, Denver Colorado 80202 USA, claiming to be a creditor of the Company, will be heard at the Royal Courts of Justice, Strand, London WC2A 1LL, on 20th November 1996 at 10.30 hours (or as soon thereafter as the Petition can be heard).

PUBLIC NOTICES. The British Polio Fellowship was granted a street collection in the business district of the City of London on Friday 13th September 1996. As required by the Regulations governing Petitions, we are pleased to announce the results as follows: Metropolitan Police Area Income £11,700.47 Net Result £11,460.56 City of London Area Income £4,286.27 Net Result £4,114.32

BUSINESSES FOR SALE. LABEL BROKER. Turnover £800,000 plus Margin 36% Net profit £100,000 plus Well established. For further details please contact Box B4523, Financial Times, One Southwark Bridge, London SE1 9HL. Principals only.

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CONTRACTS & TENDERS. COPEL. SALTO CAXIAS HYDROELECTRIC POWER STATION INTERNATIONAL COMPETITION C-225 ELECTROMECHANICAL ERECTIONS DELIVERY DATE POSTPONEMENT. COMPANHIA PARANAENSE DE ENERGIA - COPEL, informs that the delivery date of the Instructions to Bidders and the Contract Documents relating to International Competition C-225 was postponed to October 30, 1996 at 2:00 P.M., at COPEL's office meeting room, in Curitiba, at 233 Voluntários da Pátria Street, ground floor, in the State of Paraná, Brazil.

APPOINTMENTS. Generalist Private Banker. This leading international financial services company wishes to recruit a generalist private banker to be responsible for pro-actively developing its/her own high net worth client assemblage relationships within his/her own geographical area of responsibility by cross selling the company's broad range of investment and private banking products.

SECTION 7 WATER INDUSTRY ACT 1991. REVIZOR-LOGIC LIMITED. Notes is given that on 7.10.96 Revizor-Logic Limited of 42-46 Woodman Street, London W1A 1AA, has been appointed as a water and sewage undertaker to replace Thames Water Utilities Limited in respect of the area at Unit 10, 10-24 Standard Road, London NW10 8BA as previously completed by J. Pea & Company Limited. The application is made in the circumstances described by Section 7(4) (b).

Stephen Fidler Raymond Colitt. Mr Caldera's government embraced market-oriented reform six months ago. Backed by the International Monetary Fund, it was aimed at correcting chronic budget deficits and reforming the structure of the economy to allow the private sector more room. It included lifting exchange controls, unpegging the exchange rate and selling off state enterprises.



NEWS: WORLD TRADE

Big Japanese carmaker considers joining Korean rivals in newly developing market

Toyota looks at big E Europe investment

By Heli Simonson, Motor Industry Correspondent
Toyota, the world's second biggest carmaker, is considering building a new plant in eastern Europe...

the region following the political and economic liberalisation of the early 1990s. Mr Yokoi, who this year took responsibility for Toyota's international activities, said the study was incomplete. However, it had already concluded that any east European plant would have to cater for demand from beyond the region to be profitable.

Japanese carmakers have lagged their Asian rivals in expanding into eastern Europe. The one exception, Suzuki, assembles vehicles in Hungary, where it expects to raise production to 50,000 units this year.

It looks as though we've fallen behind, we are not indifferent. He declined to say when the study would be concluded, or what it might propose. However, the work was proceeding "intensively". Mr Yokoi said the study would include making components as well as cars with the involvement of Japanese parts manufacturers associated with Toyota.

An east European plant could help Toyota meet its target of 4% of the west European market. Russian-controlled Kaliningrad, while Hyundai, the country's biggest car company, plans to assemble vehicles in Poland. Mr Yokoi said: "Although

the company has followed Nissan in building a plant in the UK, Mr Yokoi said Toyota's market share did not adequately reflect its size and importance. Part of the planned growth will come from a second model to be built alongside the Carina E car at Toyota's UK factory. The new model, based on the Corolla, will give the company a locally-built contender in the biggest segment of the European car market.

An east European plant could help Toyota meet its target of 4% of the west European market

to raise production to 50,000 units this year. By contrast, Korean manufacturers have expanded much more aggressively. Daewoo, Korea's third biggest

WORLD TRADE NEWS DIGEST

Chilean leader lifts UK spirits

Scotch whisky distillers were optimistic yesterday that complaints about Chile's liquor tax regime voiced to Chilean president Eduardo Frei on his visit to London this week will result in freer duties on imported spirits. The distillers say Chile's duty on spirits discriminates against imported liquor, particularly whisky, to the benefit of domestic producers of pisco, the local spirit. Spirits of greater than 43 degrees proof, which include most whiskies, are taxed at a 70 per cent rate, while those of less than 35 degrees, which includes most pisco, at 25 per cent.

Apec to prepare action plan

Officials from the 18-member Asia Pacific economic co-operation (Apec) forum meet in Manila today to prepare final details of the group's timetable on trade liberalisation. The negotiations - the last meeting of officials before a week of talks in Manila next month which culminate with the Apec leaders summit on November 25 - are expected to produce a draft document known as the Manila action plan. The plan, which will provide details of each country's timetable for eliminating tariffs by 2010 for developed members and 2020 for developing members, will be endorsed by the 18 leaders next month. Officials will also negotiate details of the collective action plans including moves to harmonise customs procedures and initiatives to integrate regional trade.

Fiat looks at Bombay sites

Fiat of Italy is progressing with a proposed \$850m investment to build a factory near Bombay with a capacity of about 100,000 cars a year. Fiat officials, led by chief executive Mr Roberto Testore, yesterday inspected sites for the proposed new factory. Mr Manohar Joshi, the chief minister of Maharashtra state said the visiting delegation was looking for a site of about 250 acres of land outside Bombay.

Royal Ahold of the Netherlands yesterday said it was planning a 50/50 joint venture with the China Venturetech Investment Corporation to establish a modern supermarket chain in China. A new company, Shanghai Ahold-Zhonghui Supermarket, will concentrate in its first years on developing supermarkets in Shanghai, with a planned investment of \$50m.

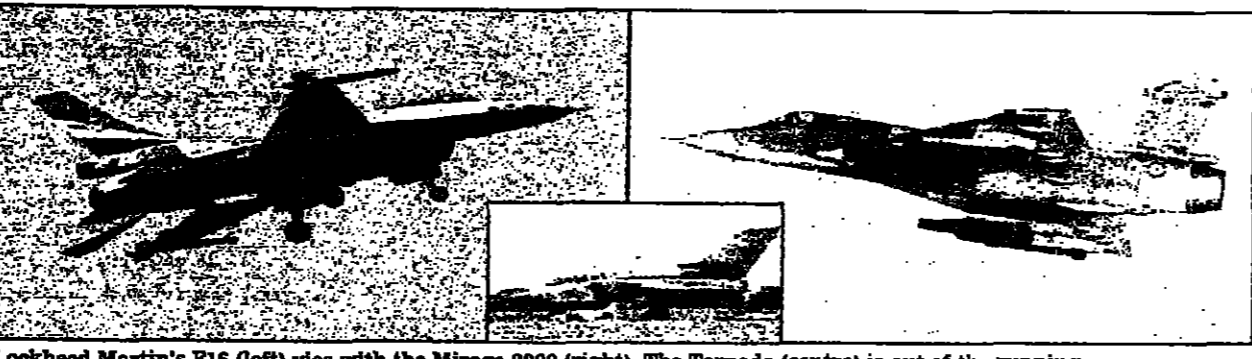
Alcatel of France has won telecommunications orders in Thailand and Vietnam with a total value of \$1.1bn (\$192m). The contracts will allow the unit of Alcatel Alsthom to strengthen its position in these regions, where markets for fixed and mobile phone services are growing by 20-25 per cent a year.

Vietnam has allowed 12 foreign law firms already operating there to set up a second office in the country. The firms include Baker & McKenzie, Coudert Bros, Freshfields and Clifford Chance.

Avionics key to Abu Dhabi dogfight

Robin Allen reports on the multinational contest to supply advanced fighters to the Gulf state

The contest to supply Abu Dhabi with up to 30 advanced combat jets has been long and hard. After 18 months of negotiations and several missed deadlines, Abu Dhabi has kept the world's biggest defence contractors on tenterhooks for the deal worth between \$6bn and \$8bn. The list of four initial contenders is now down to a shortlist of two. Lockheed-Martin's F-16 is the front-runner and preferred choice, with the Mirage 2000, made by Dassault Aviation of France, closely on its heels for a share of the deal. The final awards rests on whether Lockheed Martin will supply all the avionics, electronics weapons systems, stand-off missiles and support systems which Abu Dhabi wants. The add-on technology could lift the total value of the deal over several years, to up to \$12bn, according to defence experts. "Meantime Abu Dhabi will not allow the US to be sure Lockheed has won," senior diplomats said. "This is Abu Dhabi's way of getting the price down and ensuring it gets everything it wants."



Lockheed Martin's F16 (left) vies with the Mirage 2000 (right). The Tornado (centre) is out of the running

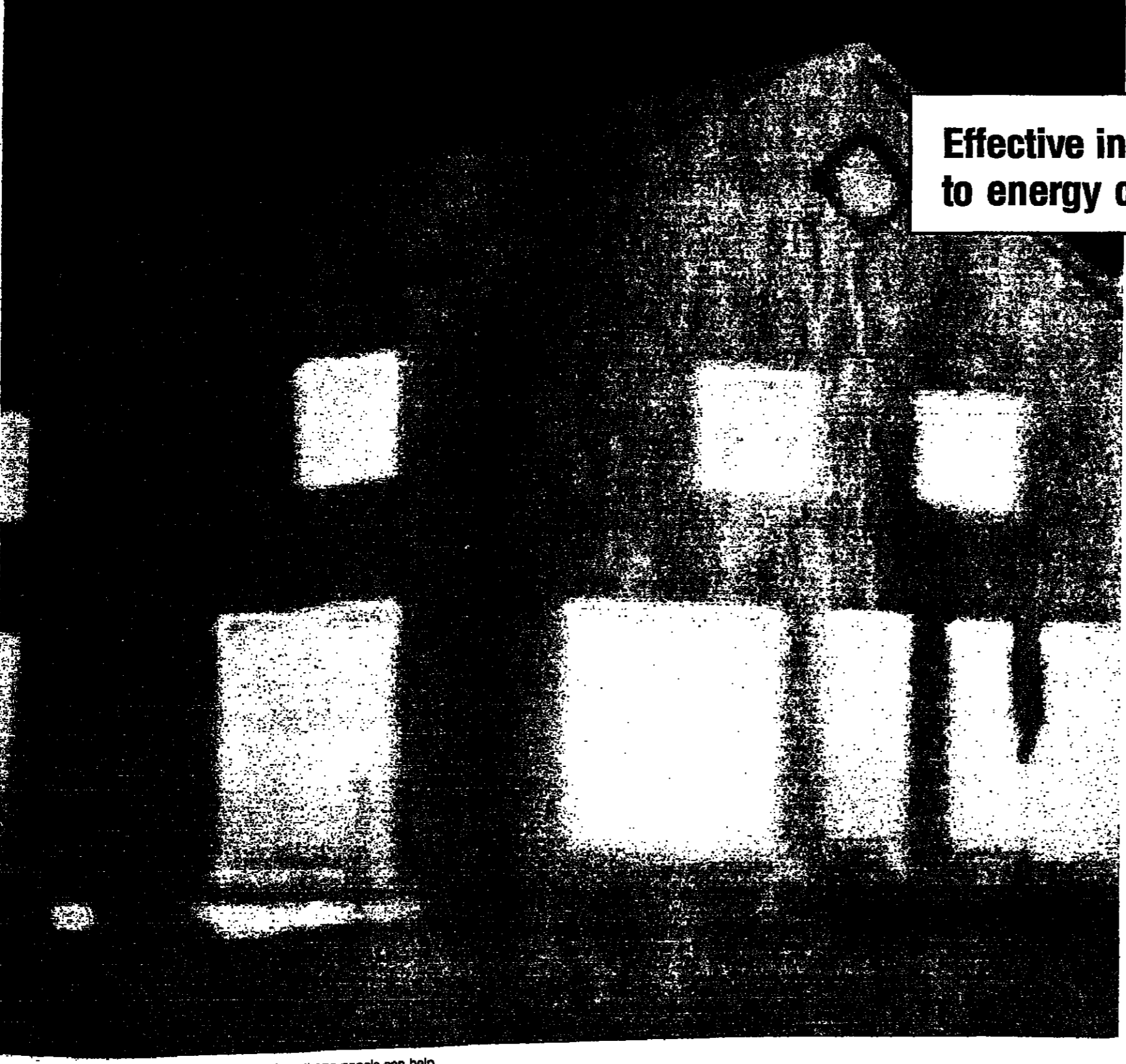
requirements for the next 10 years, in that it is a single-seater, fast and manoeuvrable, according to defence analysts. If the US does not fully satisfy Abu Dhabi's demands for the latest avionics and technology, then the French option would be used as a bargaining chip. In this case, Abu Dhabi would buy fewer F-16s; and make up the difference with more Mirage 2000s, and by upgrading some 40 already in service with Abu Dhabi's airforce. British sources who said that the GR4 was out of the running, expect Abu Dhabi to opt for a combination of F16 and Mirage 2000s if the US failed to come up with all the avionics. In such a case,

they expect the combination ratio to be 50-60 F-16s and up to 24 more Mirage 2000s. The French are having been pressing hard for a sizeable chunk of the order, according to defence experts. However, France does not have an aircraft now to match the F-16, according to defence analysts. Their newest fighter, the Rafale, will reportedly not be ready until 2004-2005, two years after the UK/German/Spanish/Italian Eurofighter.

Out of the running are the US's McDonnell-Douglas F-15 fighter-bombers, and the UK British Aerospace's GR4 Tornado ground-attack aircraft. The main disadvantage of the F-15s under consideration was that they needed a two-man crew, and Abu Dhabi can barely find 80 pilots to fly the single-seat aircraft. Prospects for the Tornados suffered for the same reason: "You need two pilots just to keep the Tornado in the air," said one industry expert. The McDonnell-Douglas F-15 which does have a single-seat variant was not considered as an option. Abu Dhabi's priorities have been decided by the UAE's armed forces chief-of-staff Sheikh Mohammed Bin Zayed, head of Abu Dhabi's airforce and son of Abu Dhabi's ruler and UAE president Sheikh Zayed Bin Sultan Al-Nahyan, with whom the

final decision lies. An official announcement is not expected until the international defence exhibition being hosted by Abu Dhabi early next year or possibly on Abu Dhabi's national day on November 7. The US is also seen by Abu Dhabi officials as the most promising of western suppliers for Abu Dhabi's embryonic offset programme, a critical component of any defence deal. Abu Dhabi requires winning defence companies to invest the equivalent of 60 per cent of the value of the primary contract in projects with local investors on a 49/51 per cent basis over a seven-year period. So far however Abu Dhabi's offset programme has made slow progress, with only one significant offset agreement - significantly with a US company - in six years. Western defence companies have complained of the scale of Abu Dhabi's offset ratio which is twice as big as any other Gulf country. Moreover, Abu Dhabi does not have the indigenous committed manpower to make use of an offset programme, nor can it find profitable investment areas. Abu Dhabi officials reportedly expect strong resistance from the Israeli lobby in the US over the sale of advanced electronics for the F-16s. The Israeli lobby is likely to argue that the most advanced avionics have not been sold abroad anywhere - let alone to a Gulf state. However, Israeli influence in Washington has been weakened by Israeli sales to China of guidance systems for Chinese missile development; missiles which are reportedly being sold to Iran. Such sales by Israel would contravene US laws. Senior US officials are said to be "seriously concerned" by the scale of Israel's military collaboration with China.

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Vertical text on the left margin including 'OCTOBER 18 1996', 'WS in views', 'pressure on industrial', 'rallies campaign', 'age suit', 'eat to forms', and 'Stephen Felt Raymond Co'.

Poll could mark next stage after one-party rule and chaotic coalitions

Three-party Japan in making

Japan's recent wobbly governments might just become more coherent and stable as the result of the country's general election on Sunday.

It is intended to curb Japanese politicians' habit of wooing voters with favours rather than policies, and gives more say to city dwellers at the expense of rural districts.

ago, have already taken fright at their party's poor showing and rejoined LDP ranks.

fragmented oppositions, to a three-party system of LDP, NFP and DP clustered around the centre.

rate tax cuts could also revive. A conservative coalition also would probably remove the SDP threat to a proposed rise in sales tax from 3 per cent to 5 per cent next April.

William Dawkins

Puzzled? Voters will be when they try to solve this riddle

Confused? The average Japanese voter certainly is. According to a recent opinion poll, more than half those asked said they did not properly understand the way the new electoral system works.

The new system was introduced after years of clamour for reform. It was intended to produce a more transparent, less corrupt political framework.

It was also seen as a cornerstone of Japan's unwieldy multi-party system. While one party, the LDP, always dominated, the rest of the votes were spread bewilderingly around smaller opposition parties.

As with most compromises, the new system will probably produce none of the results initially intended.

votes for an individual, usually with a party affiliation. In the second, he chooses simply a party, and seats are distributed using a method which will produce a roughly proportional outcome.

But it is the new system's party political consequences that may be most unexpected and most significant.

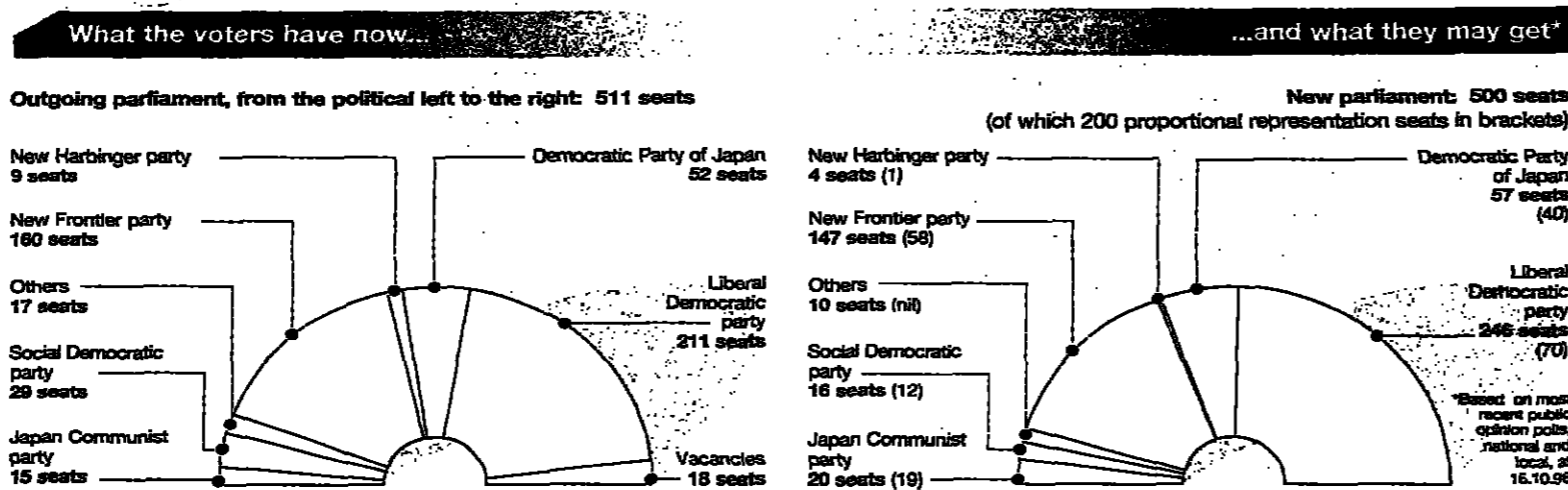
Their traditional strength in rural Japan will ensure a near clean sweep in the countryside. But even in the cities, where there are more seats this time a result of redistribution, the LDP will be the big beneficiary of the new system.

Parties with wide, relatively thinly spread popular support will not fare so well. This could hit the DP especially badly. Current polls suggest they will pick up about 20 per cent of the vote nationally, but win only 20 or so (17 per cent) of the single-member constituencies.

There, 20 per cent of the vote for the DP should translate into about 20 per cent of the seats.

Gerard Baker

Japan votes: the parliament, parties and politicians



Ryutaro Hashimoto



Ichiro Ozawa



Takako Doi



Yukio Hatoyama

Election circus set to tempt the jaded

A chat-show star, singers and a wrestler are running against the politicians

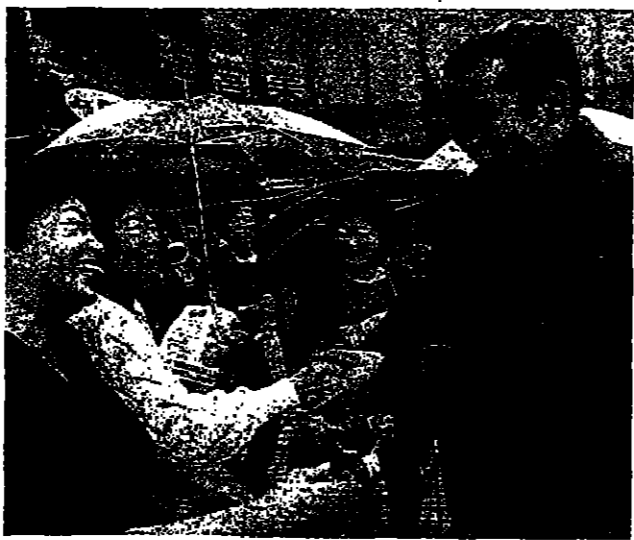
Sachiyo Nomura is defiantly frank in confessing complete ignorance of government and politics.

tant factor in society, feels she has special appeal for women voters.

With her baseball connections and her chat-show fame, Mrs Nomura possesses potent qualities in an election campaign devoid of issues and marked by widespread voter uninterest.

In the week leading up to the election, national polls have found that between one-third to one-half of eligible voters are undecided; many are wondering who they will vote for or whether they will vote at all.

That would suggest a good chance for Mrs Nomura and a host of unlikely candidates to tempt the uncommitted and the disillusioned.



Kyokudozan: sumo wrestler on the husting

In a country of baseball fanatics, some believe Mrs Nomura, 64, has strong prospects in the October 20 national election.

Her raspy voice, heavy make-up and outspoken manner are known to make many Japanese wince. But like other celebrity hopefuls, she has registered his candidacy

under his "stage name," and kept his sumo top-knot. Victory, the 32-year-old wrestler conceded, could present some difficult situations in public office. But name recognition in his case is half the battle.

Kyokudozan is running for the New Frontier party, as is former professional tennis player-turned-TV-commentator, Ms Naoko Sato.

using her fame merely to gain support from the uncommitted. "With my undying energy and enthusiasm, I hope to make a change, even a small one," she said.

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Gwen Robinson

ASIA-PACIFIC NEWS DIGEST

Seoul defence minister axed

South Korea's president Kim Young-sam yesterday sacked his defence minister and reshuffled the military high command in response to public criticism over the intrusion of a North Korean submarine last month.

Also, the heads of South Korea's three army groups and the deputy commander of the US-South Korean combined forces were replaced. The military has been criticised for not detecting the North Korean submarine for several hours after it went aground on the east coast a month ago.

The government recently decided to increase the 1997 defence budget 13.5 per cent to \$17bn. The main opposition party claimed Mr Lee was sacked as defence minister after it alleged he provided classified information on plans for weapons procurement to an arms dealer. Mr Lee has denied the charge.

John Burton in Seoul

Thai borrowing curb shelved

Thailand's central bank has suspended implementation of a plan to curb the amount of foreign borrowing by commercial banks and companies.

Central bank officials said the policy was reversed because the level of short-term foreign debt, the original target of the measures, was falling, due to other regulations issued earlier in the year.

Officials said several banks had stated they needed more time to adjust to the rules, which called for domestic banks to limit their new loans in foreign currencies to 7 per cent of their total loans in hand.

The level of foreign debt has been highlighted recently by the downgrade of Thailand's short-term sovereign debt rating by Moody's to Prime-2 from Prime-1.

The state's United Front was unable to reach agreement with an alliance of the Congress (I) and the low-caste Bahujan Samaj parties. The United Front in New Delhi said it was forced to re-impose central rule after expiry yesterday of the year-old mandate for "President's rule" imposed last October after a short-lived alliance between the BJP and BSP collapsed.

Delhi rule for Uttar Pradesh

India's United Front government yesterday re-imposed central rule on the state of Uttar Pradesh, the country's most populous, after the Hindu nationalist Bharatiya Janata Party and its secular opponents failed to form majority coalitions.

The state's United Front was unable to reach agreement with an alliance of the Congress (I) and the low-caste Bahujan Samaj parties. The United Front in New Delhi said it was forced to re-impose central rule after expiry yesterday of the year-old mandate for "President's rule" imposed last October after a short-lived alliance between the BJP and BSP collapsed.

Congress (I) has insisted the front support its alliance with the BSP in government in return for existing Congress "support" in New Delhi. Mr Sitaram Kesri, Congress president, threatened to withdraw support from the national coalition, if the state United Front did not comply. Analysts consider it unlikely Congress would plunge the country into a second general election this year.

Mark Nicholson, New Delhi

Burma dissidents meet

Members of Burmese opposition leader Aung San Suu Kyi's National League for Democracy (NLD) party are meeting this week, despite blockades set up outside her home by the military government, an NLD source said yesterday.

The meetings were held at the homes of senior NLD officials since Ms Suu Kyi's house, the normal venue for gatherings, was made inaccessible by roadblocks on streets leading to her house. Set up last weekend, they have still not been removed.

Reuter, Rangoon

Sri Lanka to reform laws

Sri Lanka yesterday announced plans to reform the country's archaic legal system to allow speedy settlement of commercial disputes, regulate monopolies and mergers, and strengthen financial markets.

"We hope we can identify within a year the areas that need change, and institutions that need strengthening," Mr Peiris said. "What we have in the country at the moment is a rudimentary law relating to fair trading. Our company law is based on the British company law but we have not kept pace with the developments in that country."

A more streamlined legal system could be an inducement to foreign and local investors. The reforms are also expected to cover stock exchange transactions and future capital markets.

Amal Jayasinghe, Colombo

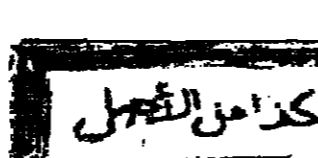
Ramos hope for Apec summit

The grouping of the Asia-Pacific Economic Co-operation forum could develop into a true "community of nations" at a summit next month, Philippine president Fidel Ramos said yesterday.

The officials will discuss issues left unresolved at a conference in August, including the absence of a common format for individual action plans on freeing trade and investment, specific measures to be taken by members, and a moratorium on new members, expiring at the end of 1998.

Philippine foreign secretary Domingo Siazon has said support is growing in the group for Peru and Vietnam to be accepted as members. The meeting paves the way for a summit of the leaders of the 18 Apec economies, to be held in the Philippines on November 25, which is expected to endorse the free trade plan. Meeting in 1994 at Bogor, Indonesia, the Apec members agreed to remove trade and tariff barriers in the region by the year 2010 for developed nations and by 2020 for developing nations.

AFP, Manila



Patchy recovery in Japan economy

By William Dewhirst in Tokyo

Japan's recovery continues to be moderate and patchy, according to data on money supply, industrial production and retail sales published yesterday.

Money supply growth slowed in September due to weak loan demand by companies increasingly tapping the bond market, rather than banks, for cash.

Growth in M2 (cash in circulation plus demand and time deposits) eased to a preliminary 0.5 per cent from the same month last year, lower than the market had expected and well below the revised 3.7 per cent growth achieved in August.

That is enough, said economists, to sustain the present modest recovery of about 1.7 per cent in gross domestic product in the year to March, the mid-range of private-sector forecasts.

"The economy is cruising on a mild recovery track," Mr Yasuo Matsushita, BOJ governor, said. The bank's loose monetary policy, with an official discount rate at a record low of 0.5 per cent since September last year, would remain unchanged for the time being, he said.

Lower than expected money supply expansion adds weight to the risk of a slowdown in general economic growth early next year, warned Mr Russell Jones, economist at Lehman Brothers in Tokyo.

Money supply has failed to grow at more than a small fraction above the present level since the economic slowdown hit five years ago.

Weakness of corporate demand for bank lending was highlighted by separate figures, showing outstanding loans by all banks rose by just 0.2 per cent last month, from September last year, to ¥530.68bn (\$4.75bn), the smallest increase in 17 months. Another sign of slower than expected activity emerged yesterday when Miti revised the month-on-month decline in industrial production in August from the provisionally estimated 1.9 per cent to 2.3 per cent.

Inventories of unsold goods and materials rose 0.5 per cent in the same month, slightly up on the 0.5 per cent initially reported. The economic landscape is not uniformly dull. Department store sales in Tokyo rose 4 per cent in September, compared with the same month last year.

Editorial Comment, Page 15

Tung sets sights on Hong Kong's top job

When earlier this year Mr Tung Chee-hwa, the shipping tycoon, was considering whether to run for the post of Hong Kong's first post-colonial governor he had in his office a Harvard Business Review study entitled A Company is Not a Country.

Now, however, as he prepares to declare his bid to steer the territory through its transfer to China in July next year, Mr Tung's record at his company and his business standing will be seen as a pointer to his political prospects.

At first sight, the story might seem alarming. In 1988, a few years after Mr Tung took the helm as chairman of Orient Overseas, the shipping group suspended payment on the principal of its loans, prompting one of the biggest rescue operations of the decade.

"It was the third largest restructuring going on, behind Chrysler and Lockheed," says Mr Harry Wilkinson, who chaired the creditors' committee representing 200 banks and who took over as chief financial officer of Orient Overseas earlier this year. "It had

debts of US\$2.5bn and was the second largest shipping group in the world."

Much of the blame lies with the international industry crisis of the early 1980s, which struck other shipping giants such as Sanko of Japan. And once the crisis became clear, Mr Tung won plaudits for his role in the group's recovery.

"He was working 20-hour days, seven days a week," says Mr Wilkinson. "He took a calm, rational approach to a situation where nine out of ten people would have walked away." Another banker involved in the rescue concurs: "He was straight, clear and very committed."

That Orient Overseas is now re-established as one of the world's largest shipping groups, with net profits rising fourfold to US\$71m in the first half of the year, is testimony to improved efficiency and financial control. And within the company, Mr Tung receives as much credit for his style of management as for its financial results. "He listens a lot, he is not an autocratic manager in the mould of some Hong Kong magnates," says one employee.



Tung Chee-hwa: business standing seen as pointer to political prospects

Outside the shipping group, this style has prompted questions about whether Mr Tung is tough enough for the daunting challenges of the top job after the handover to China. The Chief Executive, as the head of the government will be known, will be responsible for defending Hong Kong's promised autonomy.

Mr Tung's tortuous path to declaring his candidacy suggests reservations about, or at least a realisation of, the dilemmas this may present.

Other questions concern the role of China in the rescue of Orient Overseas. Ms Emily Lau, the independent legislator, argues that Beijing provided the backing for a capital injection which

helping to secure the capital injection remains unclear. As part of the rescue, the Japanese banks insisted on fresh funds. These were duly supplied by Mr Henry Fok, a Hong Kong businessman and a senior adviser to Beijing, who invested US\$120m in the shipping group through his company Treelane.

"The situation is that Henry Fok made the investment," says Mr Wilkinson. "Does he have that kind of money on his own? Heck yes."

Business connections raise other issues for Mr Tung. His candidacy is backed by Mr Li Kashing, one of Hong Kong's most prominent industrialists with interests in property, ports and telecoms. The two businessmen are partners in Oriental Plaza, a \$1.5bn property development in Beijing.

The Orient chief is not alone among the contenders for top office in having business ties. Mr Peter Woo, who declared his candidacy earlier this month, is the son-in-law of the late Sir Y.K. Fao, and former chairman of Wharf and Wheelock, two of Hong Kong's biggest

business groups. Such commercial connections, and the prospect of boardroom rivalry, however, have prompted concerns that the line between business and politics will be blurred in post-1997 Hong Kong.

Mr Tung's supporters point out that an understanding of business is vital to govern Hong Kong effectively. They say Mr Tung has committed himself to a break with his business interests and that the family's controlling stake in Orient Overseas is already held in a trust. Company executives suggest Mr C.C. Tung, a veteran of the company, would slip easily into the shoes of his elder brother.

That points to a smooth passage for Orient Overseas. But for Mr Tung the going may be rougher. Should he be selected by the Beijing-backed committee that will decide who gets the job, he will head a territory rather than a company - even one wrested from the brink of bankruptcy.

John Ridding

Beijing warns HK against interference on mainland

By John Ridding in Hong Kong

China yesterday warned Hong Kong against interference in its national internal affairs, but sought to ease concerns about its tough stance towards freedom of expression in the territory after it resumes sovereignty in July next year.

"Hong Kong should not interfere in mainland China's affairs

by organising political activities to attack the mainland's internal affairs," Mr Shen Guofang, foreign ministry spokesman, said.

Mr Shen's comments follow a controversy prompted by Mr Qian Qichen, China's foreign minister, who suggested this week that Hong Kong would no longer be able to mark the anniversary of Beijing's suppression of the Tiananmen pro-democracy demonstrations in 1989.

The minister's remarks, which prompted an outcry in Hong Kong, marked a departure from recent reassuring statements from Beijing.

These include an offer of contacts with the Democratic Party, the largest group in the territory's legislature, and a series of agreements with Britain on handover arrangements.

Mr Shen dismissed claims of a shift in Beijing's stance and said Hong Kong residents would have freedom of speech and expression, as long as they remained within the boundaries of the law. "There will be no changes to our one nation, two systems policy," he said. "Hong Kong people will rule Hong Kong. Well water does not intrude into river water."

But concerns remained in Hong Kong. "Today's statement has not provided the reassurance Hong Kong people were seeking," a government spokesman declared. Mr Qian's remarks would be taken up with the Chinese government at a high level.

"This is alarming," said Dr Yuetang Sun, vice-chairman of the Democratic Party. "They seem to have forgotten about one country, two systems."

The exchange underlined Beijing's concern that Hong Kong will provide a source of political opposition and its view that the territory should be an economic rather than a political centre.

"After July 1997, I am sure Hong Kong will become an international financial, economic and trade centre," Mr Shen said this week. "It will not become a centre for other things."

Mondex cash card launched in HK

By Christopher Brown-Hume

Mondex, the electronic cash initiative originating in the UK, was launched in Hong Kong yesterday as part of a drive into Asian markets.

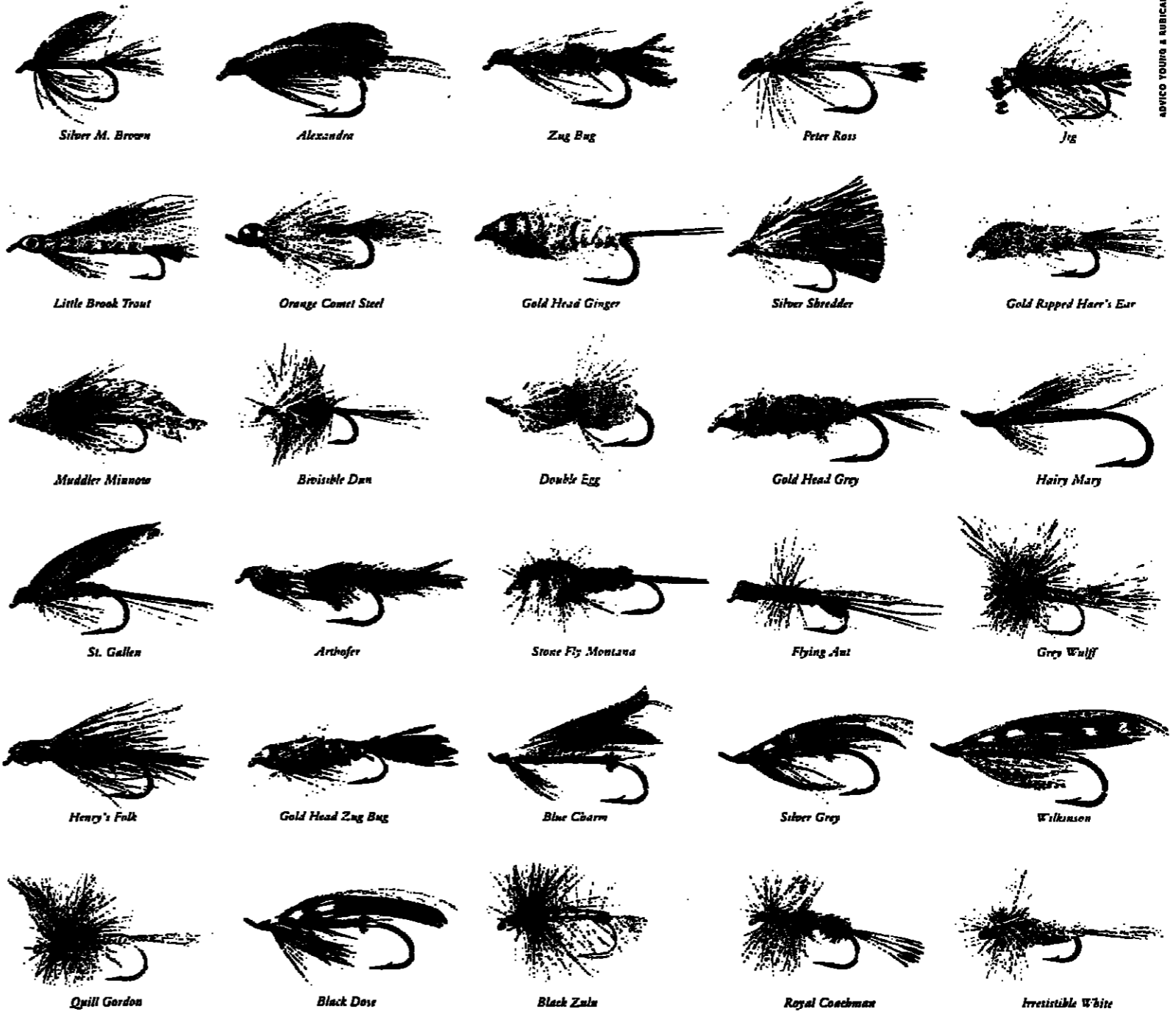
Promoters are the HongkongBank and Hang Seng Bank, both subsidiaries of Hongkong and Shanghai Banking Corp. The Midland Bank, which backs Mondex in the UK alongside the National Westminster Bank, is also part of HSBC.

Mondex is a computer chip based card suitable for small transactions, whether they are high street purchases or money exchanges between individuals. It can be loaded using ATMs and specially equipped telephones. It is battling it out with a number of payment card operators - Visa, MasterCard and Europay - to establish "the predominant electronic cash standard globally."

The launch is initially restricted to two shopping malls on Hong Kong Island and one in the New Territories. More than 400 retailers have signed up to accept Mondex for payments. Mondex said it was the first re-loadable electronic cash card available in Hong Kong, adding that it would be introduced across the territory next year.

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Thais bewildered by the same old choice

Coalition is campaigning on pledge to resign

By Ted Bardacke in Bangkok

With campaigning for Thailand's fourth general election in five years getting under way this week, voters are once again bewildered. They are being presented with the same fascinating array of scandal-tainted political parties as in years past, but this time the confusion comes from a different, potentially historic, source.

Voters have a clear choice of candidates for the premiership on November 17. After a furious round of party-hopping in which almost half the country's sitting MPs switched parties, only two parties have a realistic chance of winning enough seats in parliament to earn the right to form the inevitable coalition government.

The New Aspiration party (NAP), led by Gen Chavalit Yongchaiyudh, defence minister, is fighting against its former ally, the Democrat party, headed by former premier Mr Chuan Leekpai.

Both the parties and the men have different styles and policies: the cautious Mr Chuan speaks to the aspirations of Bangkok's middle class while Gen Chavalit represents an alliance of provincial politicians and retired military officers. It is the sort of choice that has been lacking in Thai politics.

Whether the voters realise they have this choice, then act on it, is another matter. Thailand's economic slowdown and the allegations of corruption and mismanagement that brought down the government of Prime Minister Banharn Silpa-archa, in which Gen Chavalit was dep-



Banharn Silpa-archa

caused some high-profile casualties. Mr Thaksin Shinawatra and Mr Amnuay Viravan, the two businessmen-turned-politicians who were the conscience of the Banharn government and often spoke of cleaning up politics, have decided not to stand for election, citing an inability or lack of desire to compete in another arena where money governs.

"Politics is caught up in the same old vicious circle," says Mr Thaksin. "With vote-buying so dominant, I can't pursue my political agenda."

Gen Chavalit may ultimately be a victim too. In the rush to build his party, he has taken just about any sitting MP under his wing, including some of the most scandal-ridden members of Mr Banharn's disintegrating Chart Thai party.

More than half the 300-plus NAP candidates he announced yesterday are running under his party's banner for the first time. In addition to the image problems these MPs bring, their fractional and bickering style is likely to make a Chavalit-led government short-lived even by Thai standards, where no elected prime minister has ever finished a full four-year term.

Some of Gen Chavalit's allies are trying to turn this impending instability into a positive campaign theme by promising new elections, to be held under a new constitution currently being drafted, within 18 months.

Thus Thai voters are being asked to grapple with another puzzle: an ad-hoc coalition campaigning on the pledge to resign.

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NEWS: INTERNATIONAL

UN in search of peaceful waters

Bruce Clark on the inauguration of a tribunal to administer Law of the Sea

Mr Boutros Boutros Ghali, the United Nations secretary general, will today get a welcome break from his efforts to trim the world body's bureaucracy and fend off Washington's campaign to remove him from office. He will attend the inauguration in Hamburg of a new UN institution whose success or failure could be crucial to avoidance of war in the coming decades: an international maritime court which can deliver swift, expert judgments on scores of seabed disputes around the world.

But the tribunal will only be effective if the parties to a complex web of arguments - including at least four explosive rows which have flared recently in the Asia-Pacific region - are prepared to agree in advance to be bound by its judgments.

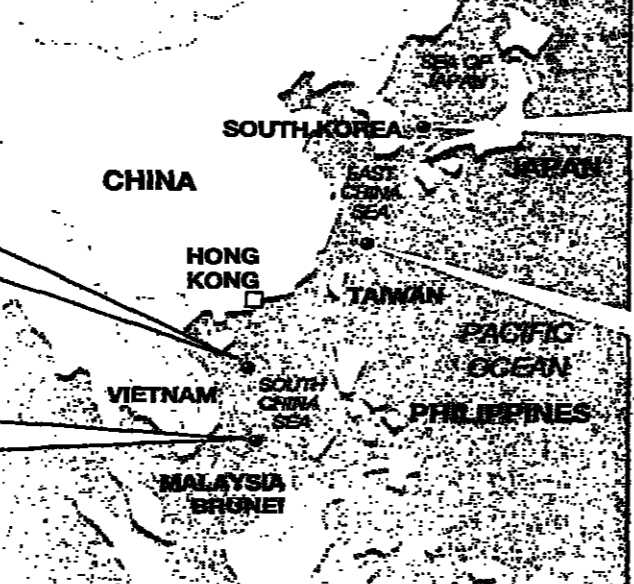
The 21 judges will have the task of interpreting the UN Convention on the Law of the Sea (Unclos), an arcane legal document which came into force in 1994 and has been ratified by more than 100 countries.

So far, the convention - which regulates every aspect of ocean management, including fisheries, pollution control, seabed mining and shipping lanes - has appeared to trigger more disputes than it has settled.

Asia's island trouble spots

Paracel
China has invoked the Law of the Sea to support its possession of the Paracel Islands, which it took over in 1974, evicting South Vietnamese troops. In May, China issued a statement claiming territorial waters around the islands. Vietnam and Taiwan also continue to claim the archipelago.

Spratly
This collection of tiny uninhabited islands and reefs is believed to contain huge reserves of oil and gas. They are claimed in whole or in part by China, Taiwan, Vietnam, the Philippines, Malaysia and Brunei. Manila protested strongly last year over the construction by China of concrete platforms on some islands.



Takehima/Tokdo
Arguments over this collection of rocky outcrops, called Takehima by the Japanese and Tokdo by the Koreans, have broken out after both Tokyo and Seoul claimed them as part of an economic zone. A South Korean company is engaged in construction projects here. Guarded by the Korean military, the isles may be surrounded by oil and gas.

Diaoyu/Senkaku
A wave of anti-Japanese sentiment has run through China, Taiwan and Hong Kong since July, when Japanese nationalists raised the flag and built a small lighthouse on the largest island in this archipelago, known as the Diaoyu Islands to the Chinese and Senkaku to Japan. Taiwan activists landed on one of the islands this month.

Unclos entitles coastal states to proclaim a 200-mile economic zone, or a continental shelf - based on geological formations - which may be much larger.

Inhabited islands are entitled to their own economic zones, and complex issues can arise when an inhabitable island belonging to one country appears to be on the continental shelf of another.

The fact that the ownership of islands provides the key to rich fishing and mineral resources is stoking controversy over some obscure archipelagos in which nobody took much interest until recently.

But there have been loud calls from Asian politicians to settle the outstanding disputes in accordance with Unclos, and the new court - where proceedings will be

much quicker than at the International Court of Justice in the Hague - will at least provide a test of their sincerity.

Britain suffered a diplomatic defeat over the wording of the convention when Ireland insisted that tiny, uninhabitable rocks should be excluded from the provision that allows islands to have their own economic zones.

Britain has had disagreements with Ireland and other countries about the waters around Rockall, a tiny Atlantic islet. London has yet to accede to Unclos but says it intends to do so.

Perhaps the most explosive maritime dispute in Europe pits Greece against Turkey. The Ankara government has said it will go to war - and it has secured explicit authorisation from

parliament to do so - if Greece uses the Law of the Sea to extend its territorial waters from six miles to 12.

Athens has said it has no concrete plans to take this step but it reserves the legal right to do so.

Greek officials allege that recent Turkish moves to question the status of tiny Aegean islands - whose ownership had never aroused much interest in the past - are part of an effort to acquire bargaining chips in the bigger dispute about territorial waters.

Turkey has rejected the Law of the Sea as an instrument for settling disputes in the Aegean, and it has complained that a 12-mile limit for Greece would turn the sea into a "Greek lake".

So far, Ankara has rejected Greece's suggestion that seabed mining rights - and possibly other issues where Turkey claims the existence of a dispute - should be referred to legal arbitration. But there is one European country for which the establishment of the Hamburg tribunal is unequivocally welcome.

Its location in a \$100m building in a historic German port is a diplomatic coup for the Bonn government, as it presses the case for a permanent seat on the UN Security Council and a louder voice in world affairs.

INTERNATIONAL NEWS DIGEST

Barzani may turn to Saddam

Mr Massoud Barzani, leader of the Kurdistan Democratic party, threatened yesterday to draw Iraq into the inter-Kurdish fighting. Repeating accusations that Iran has helped the rival Patriotic Union of Kurdistan (PUK) regain more than half the territory lost to the KDP last month, Mr Barzani told a news conference in Salahuddin: "America and the west are not respecting their commitments to protect us against the Iranian invasion. Why not ask for Baghdad's help?"

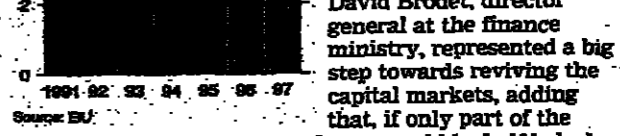
Iraq sent troops to assist Mr Barzani recapture the Kurdish city of Arbil last month from the PUK. Mr Barzani's troops then moved to take over virtually all of the Kurdish enclave. The PUK offensive to regain lost ground this week has raised concern of renewed Iraqi intervention and led the US to pursue an active search for a ceasefire.

Although Iraqi troops were reported to be moving north from Baghdad, there was no indication they would engage in the fighting. Iraqi dissidents said yesterday Iraqi President Saddam Hussein would be under pressure to intervene if Arbil seemed likely to fall into the hands of the PUK.

Israel market reform boosted

Attempts by Israel's finance ministry to push through long-awaited capital market reforms received a boost yesterday after the Bank of Israel said it would support the entire package but still insisted the government introduce deeper cuts in public spending. Mr Jacob Frenkel, the bank's governor, said the package of reforms drawn up by Mr David Brodet, director general at the finance ministry, represented a big step towards reviving the capital markets, adding that, if only part of the package was accepted, the reforms would be half-baked.

The central bank withheld its full support earlier this week, saying the ministry's planned tax on short-term savings would not lead investors back to long-term savings but would fuel inflation.



Judy Dempsey, Jerusalem

Contest for Security Council seats hot up

By Michael Littlejohns at the United Nations in New York

United Nations members are due to vote on Monday on filling vacancies in the Security Council. In one of the fiercest contests in several years

Only one of the five seats that will change occupants on January 1, each for a two-year term, is uncontested. Kenya is Africa's unanimous choice to succeed Botswana, South Africa having decided to continue its low-key approach to UN politics that

otherwise might have made it a formidable contender.

There is no such unity, however, among the Europeans and Asians and the Latin Americans also have failed to agree on a single nominee, with Costa Rica and Bolivia fighting for the seat held by Honduras.

But Portugal, which has been trying to reassert itself internationally, is a main focus of suspicions of skulduggery in the race for two seats allocated to the Western European and Others group - the "Others" being

countries such as Australia, New Zealand and Canada with strong ties to the old world. Australia and Sweden are the other candidates.

Last night, after another hectic day of electioneering by their ambassadors, the race was considered "too close to call". The winners of powerful UN prestige, will replace Germany and Italy in the 15 nation council.

UN members in arrears by the equivalent of two years' dues - less than \$220,000 for the smallest states - lose voting rights. Thus, diplo-

mats believe it may be no coincidence that the former Portuguese colony of Sao Tome and Principe was able to find funds this week to safeguard its ballot. Most believe this will be in Lisbon's favour. Similarly, impoverished Chad also came up, barely in time, with the wherewithal.

Mr Peter Oswald, Sweden's delegate, and Australia's Mr Richard Butler, are apparently resting their respective cases on national merits. Sweden has long been a strong sympathiser with the

Third World and Australia gained valuable kudos with its successful initiative to rescue the comprehensive nuclear test ban treaty.

India, whose opposition to this pact created a crisis, is fighting Japan for the seat to be relinquished by Indonesia. A stream of UN delegates spent the summer on all-expenses-paid "goodwill" visits to Tokyo, Hiroshima and Kyoto - for a form of electioneering beyond India's capacity but one that the Japanese have used to their advantage before.

However, the contenders are all aware that in a secret ballot promises of support are not always honoured.

A two thirds majority of members "present and voting" - meaning that abstentions and absentees are not counted - is required for election. While the current battle is the most bitter in recent memory, and allegations of vote-buying are a relatively new phenomenon, one vacancy several years ago was filled only after 50 rounds of balloting over several weeks.

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a) The outer envelope should bear the mention "DO NOT OPEN" - International tender for the sale of Hotel REGENCY - Monistir, and should be addressed to:
Mr. le Président Directeur Général de la Compagnie Touristique Arabe
12, rue de Hollande - 1000 TUNIS - TUNISIA

b) The inner envelope should be sealed and should contain the documents relevant to the international tender mentioned in the specifications.

The final date for the receipt for the tenders has been set for January the 20th 1997.

(The seal for the C.T.A. Bureau d'Ordre or the Post Office seal is proof of date).

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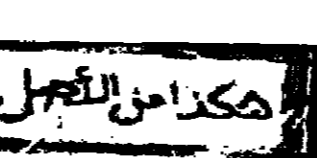
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Friday, October 18
at 11:00 pm (French time)

New numbering plan in France



How to call numbers in France from another country.

On October 18, 1996 at 11:00 pm French time (9:00 pm UTC), France will switch to a new telephone numbering plan.

These changes anticipate for the ever increasing volume of telecommunications traffic in France (new services, fax, mobile phones, etc.). This new plan provides a reserve of numbers for several decades to come and marks a further step towards harmonization with European directives and international recommendations.

This New Numbering Plan applies to all numbers you call in France. To call a number in France from another country, simply dial the country code 33, followed by a 9-digit number.

Remember...!

Don't forget to update your personal directories. If necessary, plan for the updates of all French numbers (including speed dialing) stored in your equipment: telephones, fax machines, modems, etc.

9 digits to call all numbers.

To call Paris and the Paris region.

There are no changes. You will continue to dial the 9-digit number which begins with 1.
For example: + 33 1

To call the "provinces" (other regions).

Depending on the location, dial 2, 3, 4 or 5 in front of the current number, which remains the same.

The digits to be added are shown on the area code map and in the area code table.

For example: + 33 20 becomes + 33 3 20



Add:	To the current number beginning with:	Add:	To the current number beginning with:	Add:	To the current number beginning with:
3	20	2	48	4	76
3	21	5	49	4	77
3	22	4	50	4	78
3	23	2	51	4	79
3	24	5	52	3	80
3	25	2	53	3	81
3	26	5	54	3	82
3	27	5	55	3	83
3	28	5	56	3	84
3	29	5	57	3	85
2	31	5	58	3	86
2	32	3	59	3	87
2	33	5	60	3	88
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2	35	5	62	4	90
2	36	5	63	4	91
2	37	5	64	4	92
2	38	4	65	4	93
2	39	4	66	4	94
2	40	4	67	4	95
2	41	4	68	2	96
4	42	4	69	2	97
2	43	4	70	2	98
3	44	4	71	2	99
5	45	4	72		
5	46	4	73		
5	47	4	74		
2	47	4	75		

List valid at March 31, 1995

To call mobile numbers and special services.

To call a mobile phone, dial 6 before the current 8-digit number.

To call special services (videotex, audiotex), dial 8 before the existing 8-digit numbers, which remain the same.

Add:	To the current number beginning with:	Add:	To the current number beginning with:
6	01	6	07
6	02	6	08
6	03	6	09
6	06	8	36

To call French overseas "départements" and territories (DOM - TOM).

There are no changes. You dial the 3-digit access code, followed by the 6-digit subscriber number.

For example: + 590 for a number in Guadeloupe.

How to phone when you are in France.

For all calls within France, dial 0 before the 9-digit number. The domestic long distance access code, 16, will no longer be used. To call another country from France, dial 00 (instead of 19).



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NEWS: UK

Brussels threatens action over employment law

By Robert Taylor, Employment Editor

The UK government is set on a collision course with the European Commission over its alleged failure to carry out in full a European Court of Justice judgment that requires worker representatives to be consulted by their employers over collective redundancies and business acquisitions. The commission has protested that the government's consulta-

tion regulations that came into force a year ago fail to meet all the legal requirements laid out in EU directives and in a judgment by the European Court. The UK was first challenged over this issue by the commission in 1991 when Brussels took out infringement proceedings. The resulting European Court judgment - made in June 1994 - upheld the commission's complaint against the UK. In an unprecedented move the

commission is questioning whether the UK has carried out the legal obligations required by the court in its judgment. Serious financial penalties could be inflicted on the UK if it is found that its regulations are found to be in contempt of the court verdict. Officials in Brussels last night stressed that the matter was serious but the matter was still at an early stage. The commission's main complaints concern two

issues. First, Brussels questions whether the UK rules reflect the European Court judgment over procedures for designating employee representatives. Second, it questions the effectiveness of sanctions under UK law if an employer fails to inform or consult the employees' representatives. Under the UK regulations that came into force this March employers are required to consult with elected employee representa-

tives about collective redundancies and business transfers even where there are no recognised trade unions. The consultation is required only where 20 or more employees are made redundant at one establishment within a period of 90 days or less. The UK government has estimated that this would remove any previous legal obligation to consult through representatives in 96 per cent of cases with a saving of

£85m (£132.60m) a year to employers. Under the new regulations employers must consult "in good time" with "appropriate representatives" of the employees to be made redundant. These may be employee or trade union representatives but the employer can choose who to consult. Moreover the representatives may be elected simply for the specific purpose of being consulted in an ad hoc temporary arrangement.

Rover announces 3.5% pay settlement

By Richard Wolfe and Robert Taylor

Rover, the UK carmaker owned by BMW of Germany yesterday announced it has agreed a 3.5 per cent pay deal with trade unions representing most of its shopfloor workers.

The pay deal is the first to be handled by Mr Waite Hasselkus, Rover's new chief executive and a BMW board member. It represents a significant reduction from the unions' initial demands of a 7 per cent rise to reflect recent improvements in productivity.

The one-year deal includes a £100 (£168) bonus for each Rover worker to be paid next May, in addition to the percentage pay rise which comes into force from the start of next month.

Other parts of the pay package include improved holidays for long-serving employees, increases in profit-related bonuses, and longer leave following family bereavement.

After four days of talks between Rover managers and trade unions leaders representing some 40,000 workers, Rover said the pay deal had been recommended for acceptance by the union negotiators. Union members will now take part in a ballot over whether to accept or reject the negotiated offer.

Rover said: "This is a fair and reasonable deal which recognises the contribution made by Rover's people to the business need of supporting the worldwide growth of the company."

Earlier this week the TGWU general union said it was recommending a two-year deal negotiated at Ford's Jaguar subsidiary that would ensure a pay rise of 4.25 per cent this year for all employees followed by 8.5 per cent or 0.5 per cent in front of the inflation rate next November.

Central bank reaffirms strong line on inflation

By Graham Bowley and Gillian Teet

The Bank of England, the UK central bank, yesterday warned that it was not prepared to give up its fight to keep inflation low. The move will be seen as a warning to the government in the run up to the next election. Professor Mervyn King, chief economist of the Bank of England, publicly reaffirmed the Bank's commitment to price stability.

He strongly rebuffed recently fashionable academic theories suggesting low inflation should be sacrificed for economic growth.

The "objections to price stability do not outweigh the advantages of a stable monetary standard," he said at the annual lecture for the Economic and Social Research Council in London. "Price stability is a timeless virtue," he added.

His comments will be seen as a warning to Mr Kenneth Clarke, the chancellor of the exchequer, who economists

Public spending cuts 'marginal'

Public spending next year will be reduced only marginally from levels earmarked a year ago, in a rebuff to rightwing members of the governing Conservative party pressing for cuts to fund a pre-election tax giveaway.

Discussion today by Mr Kenneth Clarke, chancellor of the exchequer, with Treasury ministers and senior officials will make plain that one penny is probably the most that will be cut from the basic rate of income tax in November's Budget.

Mr Kenneth Clarke's concern about high public bor-

rowing levels - and his conviction that only modest spending reductions are possible - means that he remains uncertain whether any net tax cuts can be afforded.

"Most ministers do not take him seriously when he says it may not be possible to cut taxes," said a senior cabinet minister. "But he is in deadly earnest."

Mr Clarke repeated his anxiety about the decline in tax revenues and the detrimental effect on borrowing at a cabinet meeting yesterday, held to discuss the economic climate for the budget.

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rowing levels - and his conviction that only modest spending reductions are possible - means that he remains uncertain whether any net tax cuts can be afforded.

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Prof King: price stability is a timeless virtue

Investors in Scandex funds 'lost \$1.6m'

By Clay Harris in London

Investors in foreign exchange trading schemes run by Scandex Capital Management, a Copenhagen-based company, have lost more than £1m (\$1.6m) of the £2.2m they put in, the High Court was told yesterday.

Scandex and Mr Jeremy Bartholomew-White, its managing director, were ordered by Mr Justice Chadwick to transfer to Britain by noon today all funds and investments owned by UK investors. Some are held in accounts in Denmark and Switzerland, according to the company's affidavit.

Such a repatriation order is unusual, according to the Securities and Investments Board, which is aiming not only to stop Scandex from doing investment business in the UK but also to have the company wound up in Britain rather than in Denmark.

The judge also ordered Scandex and Mr Bartholomew-White to give further information about the assets held for UK investors after counsel for the SIB said: "Manifestly there has not been full disclosure." The judge said: "A company which says 'we only accept funds in segregated

accounts' might be expected to know where they are."

Mr Philip Heslop, for the SIB, said the figures disclosed for currency losses, in accounts denominated in sterling, US dollars and Swedish kronor, left a balance of investors' funds equal to about £255,000.

Yet Scandex's disclosures showed funds on hand of only £160,000 to £185,000. The loss also did not include any shortfall on equities sold to investors.

Mr Heslop said: "A number of investors have rung up companies and asked about their shares, only to be told 'what shares?' and discovered shares had not been registered." Scandex had told one investor the shares were held in a nominee account in a Swiss bank.

Mr Heslop said Mr Bartholomew-White had "manifestly broken" an undertaking given to the SIB on July 9 not to do any more investment business in the UK.

The SIB is seeking an undertaking from Scandex that it will apply to wind itself up and ask for appointment of a provisional liquidator. It cannot take the action itself, because Scandex was never an authorised investment business.

expanding, with both services and manufacturing growing in response to rising domestic demand. A survey of 8,000 companies by the British Chambers of Commerce showed that domestic manufacturing

companies are now reporting the sharpest capacity squeeze this decade thanks to rising consumer spending. This is likely to reawaken concerns over inflation. Editorial Comment, Page 15

SAVILLS

UBS in battle over dividend

Financial Times Reporters

Former senior executives and managers of Forté, the hotels group taken over by Granada in January, are resisting a demand from UBS, Forté's broker, that they repay profits from share options made from the takeover.

Up to 60 former Forté executives are refusing to repay a special dividend which UBS says it is owed from selling the executives' options after the takeover. A recently formed Forté action group states in a circular that there has been "a cock-up" and that UBS has "clearly made a mistake".

Some of the former Forté executives have told UBS they are unable to repay the special dividend because they have already spent it, including to pay off house mortgages.

However, UBS yesterday strongly defended its role in the sale of the executives' options and payment of the special dividend, which it said was in line with standard trading practices. "We would never have had any reason to doubt that we

would be paid," it said. "These are sophisticated people and it was clear in the [takeover] offer documents that they had to repay the special dividend."

UBS also said: "They sold the stock with all rights in a straightforward transaction, and there is no legal doubt that that includes the rights to the special dividend."

The dispute centres on the 47p special dividend offered by Granada to all Forté shareholders, including Forté executives holding Forté share options. The special dividend was widely seen as an important inducement to help it clinch the £2.9bn takeover of Forté.

After the takeover in January, up to 120 of Forté's senior executives exercised and sold their options through UBS. They were paid the special dividend in May but UBS says they should repay it because the individuals and institutions which bought the Forté shares were entitled to it.

UBS said it has been repaid by a majority of the executives main board and that it is now owed less than £1m.

Gas pipe route 'will hit prices'

By Robert Corzine and Jenny Luseby

TransCo, British Gas's pipeline monopoly, yesterday warned that pipeline fees could rise or fall by 10 per cent depending on where gas from four new fields in the central North Sea comes ashore.

It said a UK government decision on the issue would affect gas prices and influence the overall cost of energy.

High-pressure pipeline fees could be cut by up to 10 per cent if gas from the Elgin, Franklin, Shearwater and Fuffin fields lands on Teesside, north-east England.

But the fees, which make up about 40 per cent of an average consumer's bill, could rise by 10 per cent if the government approves a scheme put forward by Elf Aquitaine and Shell UK, the developers of the fields. They want to build an

undersea line direct to Bacton on the east coast of England, from where the gas would be exported to mainland Europe via the interconnector, a pipeline that is being built to Zeebrugge in Belgium.

A meeting on the issue is due to be held at the Department of Trade and Industry in London today.

Last week chemical producers in Teesside, designated by the government as the national centre for chemical investment, said that their position would be undermined if the gas came ashore elsewhere.

But TransCo said the developers' option would have serious consequences for its plan to build a "high pressure gas superhighway" along the east coast. The large amounts of gas from the four fields would underpin investment along the "gas superhighway" from Scotland to Bacton.

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NEWS: UK

Curbs following schoolroom massacre 'will devastate business'

Gun industry attacks ban

By Richard Wolfe in Birmingham
The UK gun industry yesterday demanded urgent compensation for what it described as the "devastating" business impact of the government's proposals to curb handguns.

with the likelihood of the destruction of the majority of our handgun business. Our immediate and on-going concern is how we are going to get adequate compensation for the enormous losses we are going to suffer as a result of this legislation.

Gun Trade Association, said: "There has to be compensation for the industry because you cannot suddenly destroy a sport and not give something to those who have invested in it. Otherwise companies may try to sue the government for their losses.

back more than 250 years. Mr Gary Clark, the owner of Progun Services in Birmingham's historic gun quarter, produces and repairs specialist pistols for competition target shooting.

Firm is fined for failure in supervision

By George Graham, Banking Correspondent
Pilling & Co, a stockbroking firm based in Manchester, north-west England, is to close its London branch after being fined by the Securities and Futures Authority, the City of London financial markets regulator, for failings in its internal controls.

"His trading on behalf of customers amounted to recklessness," the SFA said. The SFA yesterday reprimanded and fined MeesPierson ICS, a futures clearing affiliate of the Dutch investment bank Mees Pierson, and one of its futures traders for unauthorised management of client accounts.

UK NEWS DIGEST Jersey to share City mediation

Jersey's financial authority wants the island to become the first offshore centre to sponsor the City Disputes Panel. Jersey is the largest of the Channel Islands between England and France and makes its own tax laws independently of the British parliament.

Germany leads EU recycling rate

The UK lags behind the rest of Europe in recycling steel cans, according to figures released yesterday by the Association of European Producers for Packaging Steel. Across the European Union, the proportion of cans recycled from waste into steel has risen sharply from 18 per cent in 1986 to a forecast 45 per cent this year.

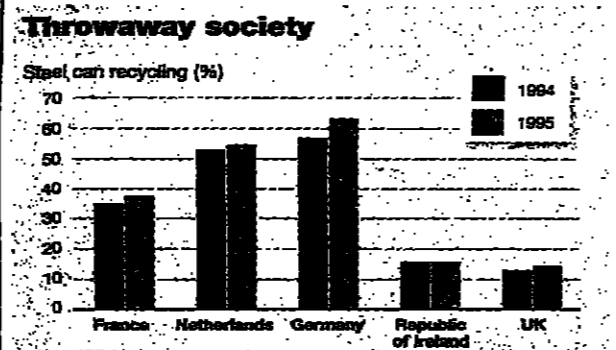


plate operation said the main reason for the low UK recycling rate was that most household waste in Britain was deposited in holes in the ground, in mainland Europe waste was more commonly dumped at treatment centres where steel items were extracted magnetically from other rubbish.

MACHINE TOOLS Traub offshoot 'trading normally'

The UK subsidiary of Traub, the heavily indebted German machine tool maker which this week went into temporary administration, said yesterday it was trading normally and saw no problems in meeting orders for new machines and spare parts.

FILM INDUSTRY Production franchises offered

The Arts Council, which allocates state funds to projects, will next week announce details of a plan to establish a number of film production franchises, financed by National Lottery proceeds. Companies will be invited to bid for the right to operate some of the franchises.

US peace-broker praises Adams

PA News Reporter in Dublin
Mr Bill Flynn, the US businessman who chairs the National Committee on American Foreign Policy, yesterday criticised the Irish Republican Army for ending its ceasefire but gave Mr Gerry Adams a strong personal endorsement.

controversial meeting in 1994 in New York of leaders of Northern Ireland parties including Mr Adams, after a long ban on his entering the US was lifted. "To see what has happened since that meeting is very, very discouraging," said Mr Flynn.

Rolling contract gathers \$4.7m

Judge took sacked executive's age into account in deciding payout

The £3m (\$4.7m) compensation awarded to Mr John Clark, the former BET chief executive sacked following the Rentokil takeover, has fuelled the debate over corporate governance.

However, the judge ruled against Mr Clark over his claim that he was entitled to £2.1m in share options he had been unable to take out because of his dismissal.

not seriously sought work after his dismissal. Mr Clark had taken adequate steps to find a position. His file of application letters was not a "sham" intended only to persuade the court, the judge said.

Afterwards, Mr Clark's solicitor, Mr Geoff Tyler of Biddle and Co, said the ruling emphasised the importance of an executive having the terms of his contract properly set out.

This announcement is neither an offer to purchase nor a solicitation of an offer to sell these securities. The Offer is made only by the Offer to Purchase and the related Letter of Transmittal and is not being made to (nor will tenders be accepted from) holders of Notes in any jurisdiction in which the Offer or the acceptance thereof would not be in compliance with the securities laws of such jurisdiction.

Millennium America Inc. (formerly Hanson America Inc.)

Notice of Change-in-Control and Offer to Purchase for Cash any and all of the Outstanding 2.39% Senior Exchangeable Discount Notes Due 2001 of Millennium America Inc. (including the ADS Rights appurtenant thereto issued by Hanson (Bermuda) Limited to acquire American Depositary Shares representing Ordinary Shares of Hanson PLC)

Millennium America Inc. ("Millennium America") is offering (the "Offer"), on behalf of itself and as agent for Hanson (Bermuda) Limited ("HBL"), an indirect wholly owned subsidiary of Hanson PLC ("Hanson"), to purchase for cash at the Repurchase Price, upon the terms and subject to the conditions set forth in the Notice of Change-in-Control and Offer to Purchase, dated October 18, 1996 (the "Offer to Purchase") and in the accompanying Letters of Transmittal, any and all of the outstanding 2.39% Senior Exchangeable Discount Notes Due 2001 of Millennium America (the "Notes"), including the ADS Rights (the "ADS Rights") appurtenant thereto issued by HBL to acquire from HBL American Depositary Shares ("ADSs") each representing five ordinary shares of 25p each ("Ordinary Shares") in the capital of Hanson.

The Offer is being made pursuant to the Indenture, which provides that, following a Change-in-Control, Millennium America is required to repurchase at the Repurchase Price any and all Notes from each Holder that properly exercises its Change-in-Control Right. A Change-in-Control occurred on October 1, 1996 (the "Demerger Date") in connection with the Chemicals Demerger, when Hanson ceased to own directly or indirectly the outstanding common stock of Hanson America Inc. ("Hanson America").

SUBJECT TO THE TERMS AND CONDITIONS SET FORTH IN THE OFFER TO PURCHASE, THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON DECEMBER 17, 1996, AND MAY NOT BE EXTENDED UNLESS REQUIRED BY APPLICABLE LAW (SUCH TIME AND DATE OR THE LATEST EXTENSION THEREOF, IF EXTENDED, THE "EXPIRATION DATE"). NOTES TENDERED IN THE OFFER MAY BE WITHDRAWN AT ANY TIME PRIOR TO THE EXPIRATION DATE.

As of October 17, 1996, there was US\$1,255,115,000 aggregate principal amount due at the stated maturity of Notes outstanding, with an accreted value of US\$1,083,125,412. Each ADS Right is currently exercisable at an ADS Ratio of 55.712 ADSs per US\$1,000 principal amount due at the stated maturity of Notes, which gives effect to adjustments for the Chemicals Demerger and the Tobacco Demerger.

Tenders of Notes may be withdrawn at any time prior to the Expiration Date. In the event of a termination of the Offer, the Notes tendered pursuant to the Offer will be returned to the Tendering Holders promptly.

None of Millennium, Millennium America, HBL, and Hanson makes any recommendation as to whether or not Holders should exercise their Change-in-Control Right and tender Notes pursuant to the Offer.

Any questions or requests for assistance or for copies of the Offer to Purchase or related documents may be directed to the Information Agent at one of its telephone numbers set forth below. Any Holder and Beneficial Owner also may contact such Holder's or Beneficial Owner's broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer.

The Information Agent for the Offer is:

GEORGESON & COMPANY INC.

United States: Wall Street Plaza New York, New York 10005 Bankers and Brokers Call Collect: (212) 440-9800 All Others Call Toll Free: (800) 223-2064 Europe: Moor House - 17th Floor 119 London Wall London EC2Y 5ET England +44-171-454-7100

October 18, 1996

Millennium America Inc. (formerly Hanson America Inc.)

2.39% Senior Exchangeable Discount Notes Due 2001 of Millennium America Inc. (including the ADS Rights appurtenant thereto issued by Hanson (Bermuda) Limited to acquire American Depositary Shares representing Ordinary Shares of Hanson PLC)

Reference is made to the Indenture, dated as of March 1, 1994, by and among Millennium America Inc. ("Millennium America"), formerly Hanson America Inc., Millennium Chemicals Inc. ("Millennium") and The Bank of New York, as Trustee, relating to the 2.39% Senior Exchangeable Discount Notes Due 2001 (the "Notes"), as amended by the First Supplemental Indenture, dated as of May 16, 1994, the Second Supplemental Indenture, dated as of September 18, 1996 and the Third Supplemental Indenture, dated as of October 1, 1996 (as amended, the "Indenture").

Effective as of October 1, 1996, Millennium has guaranteed the obligations of Millennium America under the Indenture.

Notice is hereby given to Holders of the Notes that, as a result of the payment of a dividend of Common Stock of Millennium and Ordinary Shares of Imperial Tobacco Group PLC to holders of Ordinary Shares of Hanson PLC ("Hanson") and holders of Hanson American Depositary Shares ("ADSs"), the ADS Ratio (as defined in the Indenture) applicable to the Notes is now 55.712 Hanson ADSs per US\$1,000 principal amount due at the stated maturity of the Notes. The adjusted ADS Ratio became effective October 2, 1996. The ADS Ratio was previously 33.741 Hanson ADSs per US\$1,000 principal amount due at the stated maturity of the Notes.

October 18, 1996

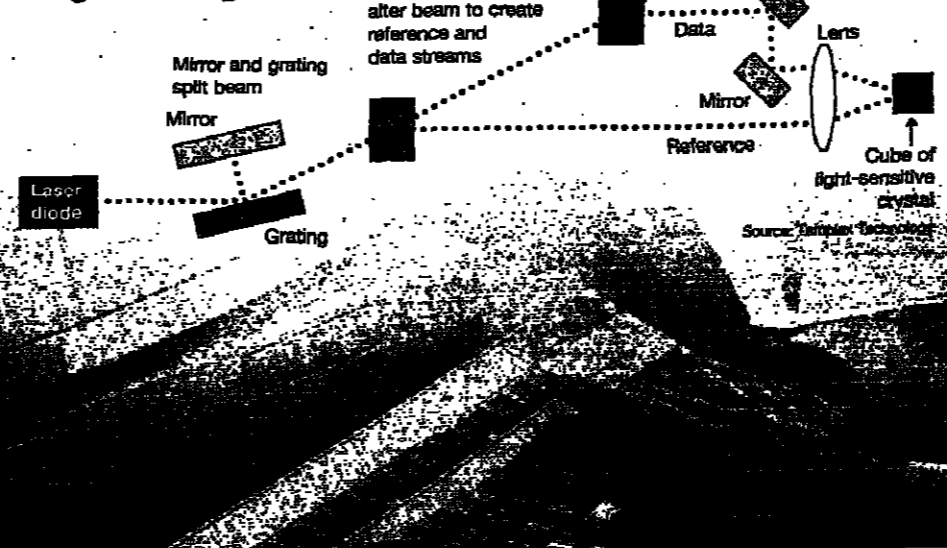
John Mason

TECHNOLOGY

Mark Ward on the explosion of PC storage space heralded by holographic technology

Memories are made of this

Light fantastic: how hologram storage works



The human race seems to be getting addicted to computer storage. In June 1988 the University of Manchester switched on the first modern computer. It occupied one large laboratory and had a random access memory of just 1024 bits.

Now, most PCs are delivered with hundreds of megabytes of hard disk and many businesses have gigabytes (billion bytes) of data attached to their central computers. On the horizon are video-on-demand systems that will require petabytes (million billion bytes) of storage space.

The trend is creating a demand for smaller places to put larger and larger amounts of information. Holographic storage, a new technology that is close to being commercially available, may fi-

nally satisfy the demand. A hologram essentially freezes the light shining off an object, capturing it in a crystal or photographic plate. Catching the light involves splitting a laser beam in two. One beam is directed on to the photographic subject. The light is reflected and scattered by the features of the object before passing to the photographic medium. The second reference beam hits the plate unmolested.

The two beams combine on the photographic plate and the dark and light patterns of this mixing are captured. A third laser beam shone on the captured image gets distorted by the interference patterns, revealing the image in three dimensions. All the cavities and surface details are caught in the interference patterns.

The holographic storage devices being developed by

Holoplex, a small US data storage company, work in much the same way. One half of a split laser beam passes through a liquid crystal display screen which represents data as a pattern of light and dark squares. The pattern is picked up by the laser beam and transferred into a cube of light-sensitive crystal where it meets the pure reference beam. The crystal's properties can be altered by the interference pattern. As a result the data is imprinted in the crystal.

Data can be read by shining the reference beam at a location in the cube. The beam is refracted, recreating the image of the original page which can be projected on to a light-sensitive device reading all the information at once.

Within a couple of years Holoplex hopes to have ready a holographic storage system that uses crystals the

size of a compact disk but with 100 times the capacity and faster access. So far Holoplex has only managed to store 1,000 images in a lithium niobate crystal the size of a sugar cube, which has a capacity of about one gigabyte. The entire capacity of the cube can be read in just over a second. In contrast, a compact disk spinning at 200 revolutions per minute can download a mere 150 kilobytes per second. The success with this early device has secured a deal with Japan's Hamamatsu

"Holographic storage will fit where optical disks were thought to go," says Fred Moore, vice-president of strategic marketing at Colorado-based StorageTek, one of the best-known data storage companies. "Optical technology [such as compact disks] has shown very little improvement in storage density."

Moore says that although the amount of information that can be crammed on magnetic disks and tapes has grown at about 60 per cent per year, optical storage rates have been creeping up at about 6 per cent. Compact and laser disks also have a

'Holographic storage will fit where optical disks were thought to go. Optical technology has shown very little improvement in storage density'

limit to the amount that can be stored on them. The tiny pits on a CD can be cut no smaller than the wavelength of visible light.

While the data storage capacity of Holoplex's devices is impressive, Templex Technology, another company developing holographic storage claims it will be able to go further. It says it has already managed to store 6,000 bits at each location in a crystal and will soon be able to store 100,000 bits (eight bits equal one byte).

"In traditional holography you are recording different points in space," says Thomas Mossberg, chief technology officer of Templex. "but instead of taking a static page we take a sequence of data in time." The frequency of light is also a measure of time so catching its frequency or colour also records information about time.

Templex catches data in crystals made of the lanthanite elements such as Europium and Gadolinium which are uniquely sensitive to different frequencies or colours of light and can therefore trap sequences of light.

He says that recording a time sequence has advantages when it comes to downloading data from the hologram. Although the storage capacity of hard disks and magnetic tapes is increasing all the time, the limiting factor is the

mechanical means needed to read the data. A spinning disk or spooling tape has to be moved to the right position so the data can be read, which slows down the whole process. But shining a laser on a Templex hologram releases a stream of data. Mossberg predicts that when Templex finishes its prototype in 12 months it will be capable of downloading data at rates of one gigabit per second on a single channel. If multiple lasers are used to read data this rate will increase.

Mossberg believes there are few hurdles to the technology becoming widely adopted. The lasers used to read and write data are the same as those used in existing compact disk drives.

The first to adopt the technology may well be the companies wanting to make a business out of showing videos on demand, says Moore. "In a hologram you could keep your 20 to 30 most popular movies, with the rest all back on 'tape.'" Films are notorious eaters of digital storage space. One minute of broadcast-quality video takes up about 2 gigabytes of storage space.

Despite Mossberg's enthusiasm, StorageTek's Moore is more sceptical saying that commercial versions of these devices are three to four years rather than 12 months away. "But," he adds, "we are closer now than we have ever been."

ADVERTISING

Eastern promise

The standard of advertising in eastern Europe and the former Soviet Union has a long way to go before it reaches western levels. The proof of this came last week when the region's creative and marketing forces converged on Slovenia's Adriatic resort of Portoroz for the third annual advertising festival of the "New Europe."

Leszek Stafiej, president of the jury judging entries, said of the festival's overall creative tone: "We were shocked at how good ideas were somehow lost in the process of execution. It was as if agencies didn't know how to handle an idea - not using the concept in full or stopping halfway, or getting scared; not winding up properly or forgetting about the punch or the wrap-up."

Some 1,000 entries from more than 180 agencies competed for international recognition in three groups - TV, print, and promotional publications and packaging design. The 20 represented countries together comprise 400m consumers. Yet, in spite of the size of the market, standards were so mediocre that the overall agency of the year award went to Slovenia's Futura agency for its work on a wall calendar and a self-promotional film.

Ian Ferguson-Brown, executive vice-president of Young & Rubicam Europe and a juror, said there had been a marked improvement in technical production. "The last four years have been spent getting production values right. Now we need to channel that energy into ideas to capture people's hearts."

The most common complaints from those working in advertising at the festival involved client relations, creative issues and clashes with multinational corporations. One frustrated Romanian copywriter said that clients often stymied agencies' creativity with impatience or distrust. Problems in Bucharest are compounded by inexperienced marketing and advertising managers afraid of risks.

A Czech creative director attributed his agency's problems to his multinational clients' use of what he termed third-rate in-house advertising personnel - British and American Prague-based staff primarily interested in building their CVs, who are unsure of their authority and are therefore overly cautious.

There was no overall Golden Drum award at the festival for the print category because of what the jury viewed as a dearth of risk-taking and creativity. Of 500 print and poster entries, just five merited the lesser Drumstick awards. Best print ad in a category for social and charity advertising went to Russia's Segodnya agency for its anti-HIV ad featuring four bare extended arms with one syringe between them.

The Czech Republic dominated the TV category. DMB&B Prague picked up a Golden Drum in the pharmaceuticals and over-the-counter category for its TV spot for Pfizer's Kaspacetate anti-diarrhoea medication. The ad, in the view of the jury, best demonstrated overall creativity. The commercial features slides from a family's holiday in Italy: a woman complains in a voice-over that most of the slides are of toilets because her husband forgot to pack the Kaspacetate. CGK Prague won eight Drumsticks in the drinks category for ads for Starobno beer.

Whatever the creative deficiencies in the region, last year's real growth in advertising expenditure ranged, by country, from 20 per cent to 40 per cent, compared with 4 per cent in western Europe.

According to Cal Brins creative director of Leo Burnett Prague, terrestrial TV is where the main battles are fought: "A lot of these markets don't have many speciality publications, cable or much Internet penetration, so you can't really buy CNN and know that you're going to reach consumers who make a certain amount of money."

Overall, the organisers say that whatever the creative shortcomings, that Portoroz is no longer merely a testing ground for the Cannes advertising festival.

Bruce Dorminey

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ARTS GUIDE

STERDAM

BRUN

CHARTRES

Where do you need to be?

How will you get there?

Does it matter?

Yes, it matters.

The journey is the destination.

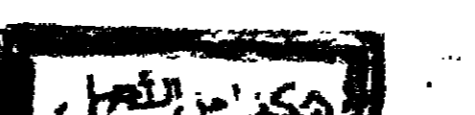
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ARTS

A desperate game of musical chairs

Scotland's arts companies must merge their orchestral schedules to survive, reports Andrew Clark

The crunch has come for Scotland's national arts companies. After years of chronic insecurity, mounting deficits and failed mergers, they have barely eight weeks to integrate their orchestral schedules...

paymaster in London that it must become more self-sufficient. Integrating orchestra schedules may not be an ideal solution, but according to a working group set up earlier this year by the Scottish Arts Minister, Lord Lindsay...

If the five companies are to plan coherently for next season, they must hammer out their combined schedules by Christmas. There are huge hurdles to overcome. At present Scottish Opera and Scottish Ballet both have orchestras of about 50 musicians...

will pay the full orchestra when Scottish Ballet needs only 25 players for small-scale touring productions? How will opera musicians, accustomed to week-long tours with a varied repertoire, cope with seven weeks of Nutcracker on the road from Aberdeen to Blackpool?

why the company's general director, Richard Jarman, originally proposed a merger with the BBCSO. That plan was resolutely opposed by the musicians, but Jarman says "it softened up the climate to deal with the present. This time last year we thought the whole company would have to go part-time. Artistic planning in these circumstances is impossible."

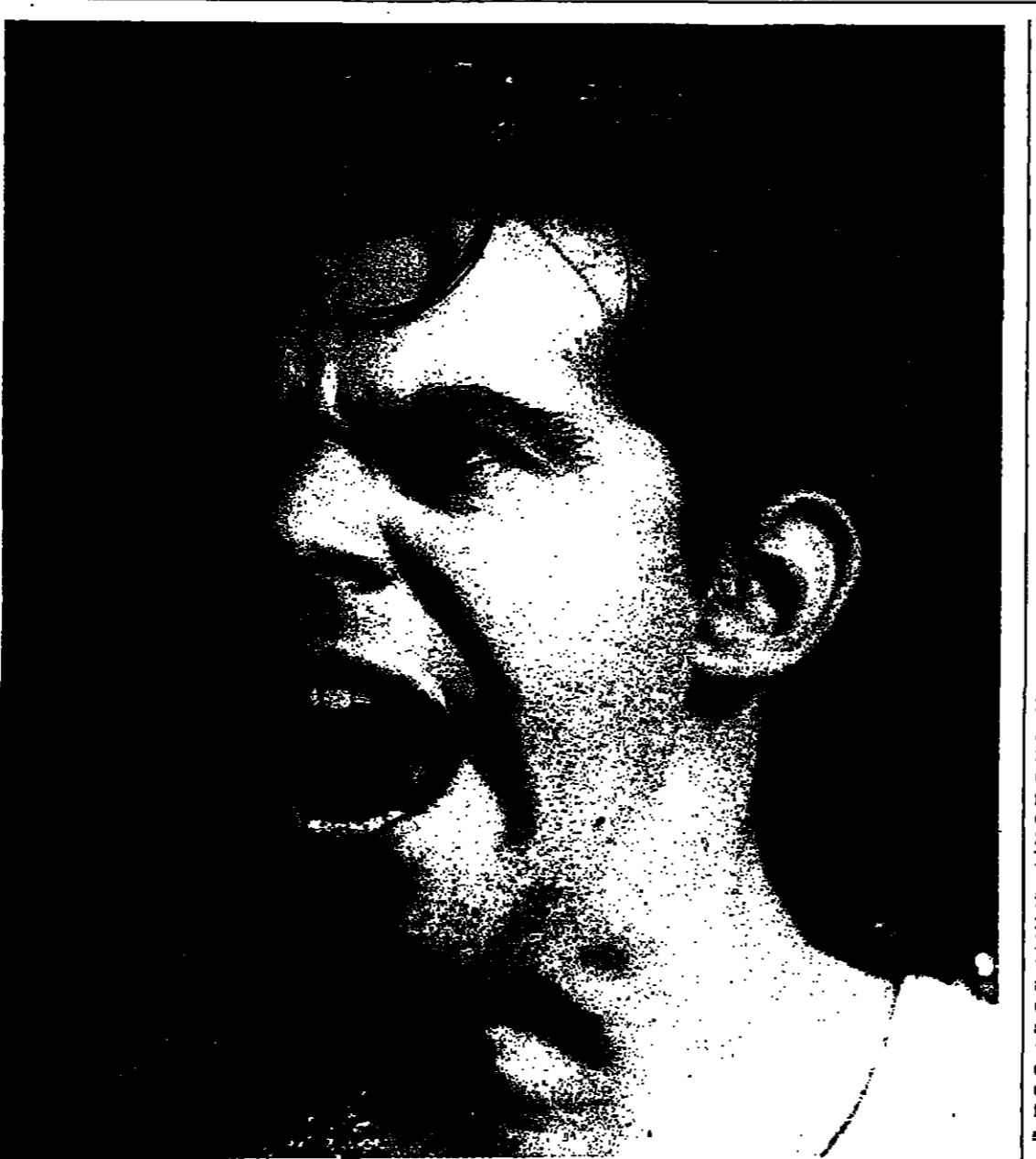
will lose its best players if it is idle. By contrast, the Glasgow-based BBCSO has taken on a new lease of life since its abortive merger with the Scottish Opera Orchestra. It may lack the international reputation of the BBC's other regional orchestras, and it is still circumscribed by BBC bureaucracy...

Obituary Berthold Goldschmidt

For Berthold Goldschmidt, the German-born, British-naturalised composer who has died at the age of 98, the best came last. In the final 10 years of a life which included more than his fair share of struggle, Goldschmidt received the international recognition...

Theatre Slick study in noir

On the one hand, Mojo - the first play by 27-year-old Jez Butterworth - is accomplished a first play as I can remember seeing. It was a sell-out hit when new at the Royal Court in Sloane Square last year, and now that the Royal Court has pitched camp in two West End theatres, it is Mojo that has opened its new régime in St Martin's Lane at the Duke of York's Theatre.



Impressive: Paul Reynolds as Baby in Jez Butterworth's 'Mojo' Alastair Muir

There is nothing wrong with imitating Pinter or Tarantino. But the effects of Mojo are manipulative. This is most apparent with the rapid ping-pong stichomythia between Sweet and Fotts - virtuosically written riffs of part-nonsense for these two alarming, weak, silly, pushy bullies.

which gradually daubs all six characters (all male); which suggests crushes, liaisons, abuse, catamites; and which is Butterworth's most original feat - feels also like a modish play. Ian Rickson directs, as he did in 1995. Possibly the excessive styliness of Mojo is emphasised by the new cast. Certainly everything is highly accomplished; Neil Stuke's Potts and Paul Reynolds's Baby are especially impressive. It is fair to observe that

Butterworth already knows more about playwrighting than most playwrights ever learn. Anyone who sees Mojo should look forward with impatience not only to his next play but to the one after that, too. And yet I cannot help hoping that they will be more ambiguous, less brilliant. Alastair Macaulay At the Duke of York's to November 9.

London concerts/David Murray North by north-east

The distinguished Finnish baritone Jorma Hynninen returned to the Wigmore Hall on Tuesday, singing an all-Sibelius programme. He drew an all-but-full house, of which a large part was Scandinavian. His only operatic appearances in London have been in Finnish opera, Sallinen's The Red Line at Sadler's Wells and The King Goes Forth to France at Covent Garden; since neither the Royal Opera nor the ENO has engaged him for other work - unlike La Scala, the Met, Vienna and the Bolshoi - he is not a household name here.

ered with scrupulous feeling. His accompanist Ilkka Paananen was a close, faithful partner, if sometimes over-hey for the size of the hall. The next night we had the Guarneri Trio Prague (named after their cellist's cello, apparently), opening their survey of all Beethoven's piano trios. There is more unfamiliar Beethoven for this medium than you might suppose: it was delightful to discover, for example, the gracious single movement in B-flat that he wrote for a 10-year-old pianist, the daughter of friends, in 1812 - his last completed work for piano trio. The Guarneri players are upright, old-fashioned music-makers, such as only the former Czechoslovakia and East Germany seem to produce. No intrusive personalities, no special effects; just temperate balance and sweet clarity. A western trio might have been more rambunctious in op. 1 no. 1; the Guarneri played it for exactly what it is worth, leaving us to detect the signs of a bigger composer waiting to burst out. In the "Ghost" trio, op. 70 no. 1, they allowed themselves more overt drama, though always measured and objective. Their sobriety was bracing. From them, the strangest passages in the Largo sounded classically strange, not just elements in a Romantic effusion. These admirable players can be heard in the rest of their survey tonight and on Wednesday next.

Prudential winners announced

Five arts companies were each awarded £25,000 richer last night after the announcement of the Prudential Award for the Arts, the most generous arts prize in the UK. The winners were: for dance, the Shobhan Davies Dance Company; for music, Society for the Promotion of New Music; for theatre, joint winners LIFT and Nottingham Playhouse; for the visual arts, Bookworks. As well

as the money, which must be spent on commissioning a new work, the winners received an art work from the late Helen Chadwick. This is the first time the Prudential Award has been shared equally between the five category winners. In the past one company walked away with £100,000. The two runners up in each category get £5,000 each, making £300,000 all told in new sponsorship money for new arts.

Although his music enjoyed limited success in Britain, he made a substantial contribution as a conductor, a task for which he had trained as a répétiteur in Berlin (he played celesta in the première of Wozzeck in 1926) and later for Kapellmeister in Darmstadt. He also played a significant role in the growing British appreciation of Mahler, giving pioneering performances of the Third and Sixth Symphonies, and conducting the premiere of Deryck Cooke's edition of the Tenth at the 1964 Proms.

INTERNATIONAL ARTS GUIDE

- AMSTERDAM CONCERT Concertgebouw Tel: 31-20-6718345 ● Koninklijk Filharmonisch Orkest van Vlaanderen: with conductor Grant Llewellyn and pianist Frank Brant perform works by Bizet and Rachmaninov; 11am; Oct 20

- Musée des Beaux-Arts Tel: 33-37 36 41 39 ● Chefs d'Oeuvre de la Peinture Italienne: part of a joint project of the Musée des Beaux-Arts in Blois, Chartres, Orléans and Tours, this exhibition shows works by 18th century Italian painters from the collections of the four museums. At the same time exhibitions are held at the other museums, focusing on Italian painting in the 14th and 15th century (Tours), the 16th century (Blois) and the 17th century (Orléans); from Oct 20 to Jan 13

- Theater der Stadt Duisburg Tel: 49-203-30090 ● Rigoletto: by Verdi. Conducted by Ira Levin, performed by the Deutsche Oper am Rhein. Soloists include Mikael Dean and Ingrid Kertes; 7.30pm; Oct 21

- DANCE Peacock Theatre Tel: 44-171-314-8800 ● Perfumes de Tango: this show is choreographed by Miguel Angel Zotto and Milena Plebs and performed by the tango company Tango por Dos opens the newly refurbished Peacock Theatre (formerly the Royalty Theatre), Sadler's Wells' temporary home; 8pm, Sat, Wed 30 Oct also 3pm; to Nov 2

- Carnegie Hall Tel: 1-212-247-7800 ● Empire Brass: with trumpeters Rolf Smedig and Mark Inciaye, French horn-player Luiz Garcia, trombonist Darren Acosta, tuba-player Kenneth Arnis and drummer Kurt Wortman perform works by Susato, Byrd, Weck and Tchaikovsky; 8pm; Oct 19

- STUTTGART EXHIBITION Staatsgalerie Stuttgart Tel: 49-714-2124050 ● Das Verlorene Paradies: this exhibition focuses on the work of the German painter Johann Heinrich Füssli and the influence of John Milton's book "Paradise Lost", which was a main source of inspiration for Füssli throughout his career; from Oct 19 to Jan 19

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COMMENT & ANALYSIS



Philip Stephens One man's vanity

Sir James Goldsmith's Referendum party is a harmless indulgence doomed to failure within six months

We must not get cross with Sir James Goldsmith. The rational reaction to his foray into British politics is one of indulgence. Like many billionaires, Sir James is bored with being wealthy. He craves the limelight. He is a man with a mission. British democracy should have no fear of such characters. He can do it no harm. I should own up here. When Sir James first appeared on the scene with his Referendum party, I took a different view. For a while I shared the starchy Establishment indignation at the idea that politics was becoming a billionaires' playground. The British are amateurs in these matters. I also thought it a bit rich that someone whose principal residence was a Mexican hacienda should take it upon himself to save Britain from Brussels. I recall saying Sir James was a nationalist in frantic search of a nation. That was unkind. I made two mistakes. First, I considered that anyone who had made as much money as Sir James must be a character of the coldest calculation. As we have seen more of him these past few months it has become obvious that here instead is a man of unbridled emotion, an incurable romantic. He knows that even if he were to double the £20m he plans to spend on his party's general election campaign he would still be humiliated. But he doesn't care. It is the cause that counts. He is a man of causes. Lost ones. There are those who remember his reaction when Harold Wilson scraped back to power as prime minister in the inconclusive February 1974 election. Sir James seemed convinced that Labour's return to government was a prelude to a communist takeover. He said so to Sir Edward Heath, the leader of the Conservative opposition. And he had a solution. If only Sir Edward would

combine his determination to make Britain's future in Europe (then a wholly laudable capitalists' club) with a pledge to change the British voting system, Sir James would bankroll the Conservatives. Labour would be denied a majority in parliament and the communist threat repulsed. Inexplicably, Sir Edward never took up the offer. Still more curiously, Sir James received his knighthood two years later in the somewhat controversial honours list submitted by Wilson on his resignation as prime minister. Less charitable commentators have also highlighted the prospectus offered in French-language edition of his best-selling book *The Trap*. In this - the first edition, published a few years back, he calls for a "strong Europe" with central powers over diplomacy and defence. Trade barriers against the so-called predators of north America and the developing world should be buttressed by a European central bank and a powerful legislative senate. Sir James is still a protectionist, but the rest has been excised from the English-language edition of the book. I am nit-picking. We all change our minds - even those conventional politicians colourfully characterised by Sir James as "the

The Referendum party's profile among the chattering classes is in inverse relationship with its impact on the nation's doorsteps

most despicable human species I have come across". My second mistake, though, was to be influenced by the panic which gripped John Major's party earlier this year. When Tory MPs began taking out their pocket calculators to check their majorities and John Redwood paid homage to Sir James at London's Dorchester Hotel, it seemed something serious was afoot. Perhaps he would devote the Conservatives of a dozen or so crucial seats in the election and thereby hand the keys of 10 Downing Street to Tony Blair. But it is clear that the Referendum party is an entirely ephemeral phenomenon. Its profile among the media and political classes is in inverse relationship with its impact on the nation's doorsteps. Step a mile or two beyond Westminster and the pollsters find it impossible to detect. It will stay that way from now until election day. The Brits will happily take the money (the party's advertising splurges are a boon for the newspaper industry) but will give nothing in return. Sir James will go down in style, albeit the faded variety. The representatives at his inaugural Brighton conference tomorrow come from the guest list of one of those rather louche Belgravia parties during the heyday of Thatcherism: Sir Alan Walters, Lord MacAlpine, Peter de Savary, John Aspinall, Edward Fox, even Carla Powell, society hostess and spouse of Sir Charles. The Referendum party's great weakness, though, is that it dare not speak its manifesto. Few who have read the party's advertisements can doubt the aim is withdrawal from the European Union. Anyone who claims, perhaps even believes, that Britain's laws are made by 20 unelected commissioners could hardly want it to happen.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9JL

Value measure should be used with caution

From Mr Nick Antill. Sir, Enormous interest has been generated by the Economic Value Added approach to company management and share price valuation, propounded by Stern Stewart & Co ("How EVA measures up", October 7, and Letters, October 14). There are considerable difficulties in applying it, which suggest that it should be used with some caution. The EVA methodology is a management of cash flows, the intention not being to alter the valuation of a company as against that produced by a standard discounted cash flow model but to allocate the creation of value so that it is made visible. Management performance and remuneration can thus be tied back directly to budgeted targets on an annual basis. The appeal of the EVA methodology for the investment community is similar to that to management. It ties performance measurement to value. The difficulty is one of accrual. The list of difficulties is as follows: ● Cyclical industries look as if they are subtracting value half the time and adding it for the other half. ● Projects do not come on full stream the year after the capital is sunk, so value creating companies will often look less attractive than those which are maximising cash generation at the expense of growth. ● The adding back of non-cash items (such as deferred taxation or provisions) ensures the compatibility of the analysis with a discounted cash flow valuation, but it is not altogether true that all such provisions are simply a function of banker-driven, rather than economics-driven, accounting. Some reflect real timing differences which will reverse. ● Where assets have been sunk for a long time, the historical cash cost of them will often be very low. While it is true that there has been a large increase in their value, is it fair to say that the company is adding value now, when that apparent addition to value simply reflects the inflation of the 1970s? Stern Stewart's comparisons of Market Value Added and EVA have been conducted over long runs of years. This will reduce the impact of all the problems listed above, but should be reflected in the use which is made of EVAs both by managers and investors. Nick Antill, director, oil and gas research, BSW, 538th House, 2 Swan Lane, London EC4R 3TS, UK

Ivory tower Stability requires UK support for Emu

From Mr Gijs de Vries. Sir, In recent years, two historic changes have profoundly altered patterns of power in Europe: German unity and the demise of communism. Both Nato and the EU are carefully assessing their role in the new Europe. Nato unquestionably remains the key to security in Europe. However, with US foreign policy oscillating increasingly between selective isolationism and unilateralism, European countries must be prepared to take on more responsibility for stability on our continent. Next to Russia and the US, Germany today ranks as Europe's most important country. Germany has a choice: to exercise its power independently or together with the other member states of the EU. Germany has made its choice. Emu represents the most significant exercise in power-sharing Europe has ever seen. There is a second geopolitical aspect to Emu: to strengthen political cohesion within the EU at a time when the union is being asked to expand gradually to 25 countries or more. It is a necessary counterweight to the centrifugal force enlargement will generate. For Emu to work, it is important for the EU to get its fundamentals right. A credible stability pact may well be more important, particularly in the medium term, than the budgetary situation of member states at the end of 1997. Emu will go ahead, with or without the UK. From a geopolitical point of view, however, British participation is highly desirable. The German offer is historic, and will not be made twice. It is in everyone's interest that the UK should accept it. It is time for the UK to take its place at the heart of Europe. Gijs de Vries, president, European Liberal Democrat and Reform Party, 97-113 rue Belliard, B-1047 Brussels, Belgium

Fall in for yet another electricity review

From Mr Tim Russell. Sir, Professor Stephen Littlechild, the electricity regulator, announced in early 1995 his re-review of his pricing review of the regional electricity companies' (Recs) distribution business which had occurred just six months earlier. He tried to justify his decision partly on the basis of sharp upward movements in the ReCs' share prices post the original announcement. Given the sharp falls in electricity share prices this year and consequent rise in the cost of capital for ReCs, is it time for another review? Tim Russell, 39 Ormsiston Grove, London W12, UK

Europa • Dominique Moïsi

Ten lessons from Bosnia

The international community must learn from its mistakes in the former Yugoslavia

Whether they have been a benefit or an evil, if they should begin again tomorrow and go on forever extending?" This was the question at the heart of the report of the first Carnegie International Commission on the Balkans in 1914. Now, 82 years later, a second report of the International Commission on the Balkans has just come out under the auspices of the Carnegie Endowment for International Peace and the Aspen Institute in Berlin. In the aftermath of the presidential and parliamentary elections in Bosnia and nearly one year after the Dayton peace agreement, the commission's conclusions are worth pondering. The report - called *Unfinished Peace* - can be summarised in the following "10 commandments". Number one: if the international community decides to intervene in a crisis, it must do so as quickly as possible. In the former Yugoslavia, the violence could have been controlled and even stopped at an acceptable cost in 1991-92 before it extended to Bosnia. Later that was no longer possible - and the cost of Unprofor, the UN peacekeeping mission, from 1992 to 1995 was \$5bn. Number two: the cost of intervention is less than that of non-intervention and indifference. Reconstruction in Bosnia will cost 10 times more than military intervention at the onset of the crisis. The decision to limit international intervention to purely humanitarian aid led to the loss of more than 100 soldiers serving with Unprofor. To this one must add the political and moral damage inflicted on the European ideal by procrastination

on the US. New thinking is needed to explore the limited use of force in low-intensity conflicts that often involve civil strife in the post-cold war world. Number six: the United Nations proved itself structurally incapable of putting an end to the conflict. The UN's impotence reflected the deep divisions of its member states. But the cumbersome nature of UN mechanisms for conflict resolution, its inability either to keep the peace or to make it, was striking. Individuals can always make a difference. It is an understatement to say that Mr Yasushi Akashi, the UN representative in Bosnia, did not live up to the high expectations of the international community. He confused impartiality with neutrality towards aggression by Serb, Croat or even Moslem - and that proved particularly tragic in the fall of Srebrenica. In such a context, the very idea of the "international community" is theoretical. What really matters is the willingness of states to act, their capacity to mobilise resources and take risks. Number seven: whether one likes it or not, nothing in the world moves without the US. In the last analysis, Nato



The aftermath: UN soldiers amid the destruction in Sarajevo

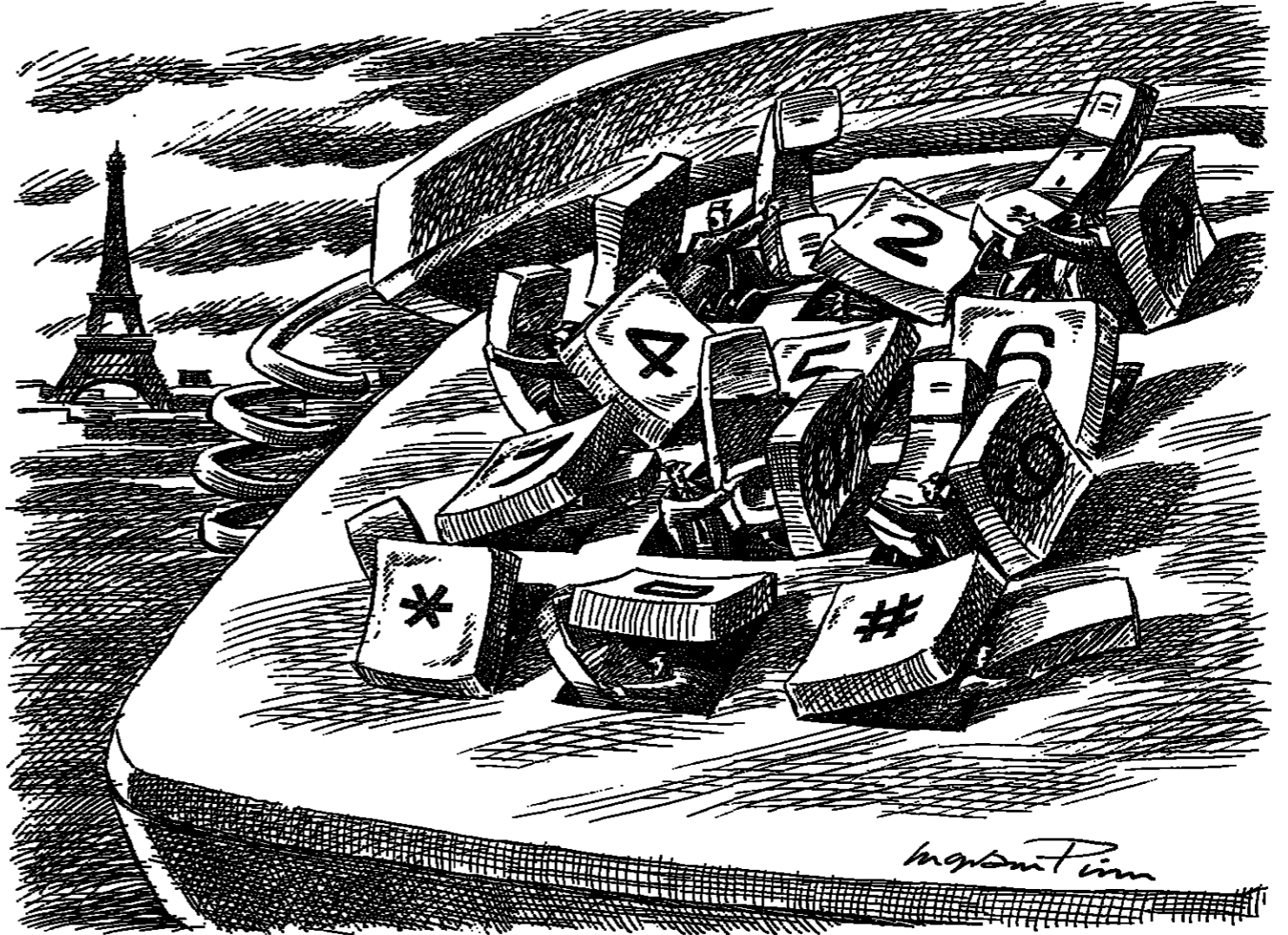
Advertisement for Goldman Sachs & Co. extending thanks to presenters for their significant contribution to our Communacopia V Conference. List of corporate officers including Barry Baker, Jim Barksdale, Frank Biondi, George Blumenthal, Chase Carey, Stephen Case, Barry Diller, Richard S. Friedland, Bill Gates, Eddy Hartenstein, Charles R. Lee, Chuck Lillis, Robert Massey, L. Lowry Mays, Richard C. Notebaert, James Phillips, Sumner Redstone, Brian Roberts, E.S. (Ted) Rogers, Henry B. Schacht, John Sidgmore, Nigel Stapleton, Bill Wade, and Guillermo Cañedo White.

Partial view of another Financial Times page with the heading "The ba for Ru" and "ake up".

COMMENT & ANALYSIS

The French connection

France's telephone number change is part of an ambitious plan to create a more competitive telecoms market, says David Owen



At 11pm French time, France's telephone numbers are set to change for the second time in 11 years. If all goes smoothly, the instantaneous switchover will be the climax of an impressive technical operation which should ensure the country has enough numbers to go around until about 2050.

It may also turn out to be one of the most important steps so far to prepare for liberalisation of the FF117bn (£14bn) French telecoms market, due to take effect in common with the rest of Europe on January 1, 1998.

Some observers think the soon-to-be-unveiled French reforms may even result in France, not known for being at the forefront of liberalisation in any market, ending up with more effective competition in telecoms than most other large countries.

Mr Bruno Lasserre, the telecoms regulator, sees the new 10-digit system as the first step in opening up the market for long-distance calls when France Télécom, the world's fourth biggest telecoms operator, loses its monopoly in 1998. He plans to use the new system to allow users to choose between operators on a call-by-call basis, so they can take advantage of the lowest prices without dialling extra numbers.

Mr Lasserre, France's telecoms regulator for more than seven years, is one of the leading candidates for chairmanship of the new independent regulatory authority due to start operations next year. The system devised under his guidance allows the consumer's choice of long-distance operator to be determined by the first digit in the new numbers to be introduced today.

If the first digit dialled were 0, the call would be routed via the user's regular operator. Seven of the remaining nine possible first digits would be reserved for other long-distance operators the consumer might wish to use. (The other two first digits are needed for the emergency services and online services such as Mintel.)

But if it goes ahead, it will provide France with a system that should be more encouraging to new long-distance operators because it will be so easy for consumers to use them. This is essential for "the development of fair competition - in other words, of a real choice for the consumer", according to Mr Jean-Marie Messier, chairman of Compagnie Générale des Eaux.

The diversified French utilities group is aiming to be France Télécom's main domestic rival, in partnership with British Telecommunications, Mannesmann of Germany and others. Other prospective market entrants include the recently unveiled joint venture between Bouygues, the French construction group, and Snet of Italy.

Both Générale des Eaux and Bouygues are already well entrenched in France's fast-growing but relatively late developing mobile telephone market which, in common with most other countries, is already open to competition. In Mr Messier's view, mobile telephony will account for virtually all growth in the French telecoms market in value terms in years to come.

There is general agreement that it is in the long-distance market that the keenest competition to France Télécom will emerge initially after liberalisation. This is partly because, under the present system, revenues from long-distance calls are used, in effect, to subsidise local rental charges, which France Télécom says are the lowest in Europe.

This year's Telecommunications Act provides for this "dis-equilibrium" to be rebalanced at

closed mini-networks for such user groups are already allowed. MFS Communications, a US-based telecoms company, announced the link-up of its first corporate client to a 20km optic fibre network in the Paris suburbs in May. Mr Messier of Générale des Eaux said recently his company was aiming to have 18 such networks by 1998.

In the residential market, Mr Lasserre hopes that radio links could help comparatively early development of effective competition. This would give operators access to the homes of telephone users without the need to construct costly wire or fibre-optic networks.

But the regulator acknowledges that the long-distance and international markets are where "the most immediate opportunities lie". Générale des Eaux's Mr Messier has made clear he intends to be "selective" in his approach to the residential local market: his medium-term market share target is just 10 per cent for local calls, as against 20 per cent for long-distance and 40 per cent for mobile calls.

The biggest obstacle to selling local services to individual users for new market entrants is the level of the charges France Télécom makes for connecting competitors' fragmented networks into its national network.

The level of these fees - which often account for a large proportion of operators' costs - will not be known for some months. In the view of Mr Bon, they should be fixed at a level that is "very slightly less" than what it would cost rival operators to provide the service themselves.

Générale des Eaux's Mr Messier argues that charges, mainly for linking calls made on France's three mobile networks into the local loop, are "abnormally high". They could have the effect of preserving an "effective monopoly" for France Télécom on local calls if they are not reduced. Mr Lasserre acknowledges, "everyone is negotiating in the dark".

Even if these issues can be resolved, France Télécom is well-prepared to fight off competition, after several years of heavy investment. Its network is fully converted to state-of-the-art digital technology and it is lean enough to "score well" on efficiency measures such as lines per employee, according to BZW, the investment arm of Barclays Bank.

And for all Mr Lasserre's good intentions, there is still widespread scepticism that the government will allow the regulator to be too tough on France Télécom. As BZW said in the summer: "Initial expectations are that the environment will not be aggressively geared against the existing telephone operator."

These expectations stem partly from the fact that the government has plans to sell up to 49 per cent of the shares in France Télécom. A stake of about 30 per cent is expected to be floated in April, which bankers estimate could raise between FF20bn and FF40bn, according to how stiff the competitive environment is.

Mr Lasserre admits it would be "naïve" not to recognise the government's potential conflict of interest over France Télécom. But he argues the new regulatory authority is guaranteed independence under the law passed in the summer.

"The government cannot give [the new body] any instructions," he says. "If it disagrees, all it can do is go to the courts." In addition, all five members of the new body will be named for "irrevocable, non-renewable six-year terms. They have no need to try to please."

Additional reporting by Alan Cane.

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: 0171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Friday October 18 1996

The battle for Russia

The western world had followed the latest twists in the battle for influence in the Kremlin with bewilderment and alarm. Far from the transparent, accountable democracy which optimists hoped to see after the collapse of communism, the new round of fighting is reminiscent of Soviet or tsarist power struggles at their most ruthless.

In a way, Russia's foreign friends have only themselves to blame. Because of the overwhelming imperative to keep the communist opposition out of power, western politicians have repeatedly swallowed any doubts they had about the concentration of vast authority in the hands of one individual.

They supported President Boris Yeltsin unconditionally during the armed clashes of October 1993; they backed the constitution whose approval he secured in the wake of that triumph; and they did everything to secure his re-election this year.

But the disadvantages of such a concentration of power, and the flaws in the Russian political system, have become painfully obvious since Mr Yeltsin's re-election. There is no properly functioning system to fill the gap left by his illness.

The constitution makes clear that power should pass, in the event of Mr Yeltsin's death or permanent incapacity, to Mr Viktor Chernomyrdin, the prime minister. But no procedure is laid down for determining at what point the head of state

must hand over the reins. Worse still, there is ambiguity about who precisely controls the armed forces. In a situation where the heads of those forces are at loggerheads, that is something more serious than a fine point of constitutional law.

Few people believe that yesterday's dismissal of Mr Alexander Lebed, the forthright security chief, marks the end of the story. Although he faces bitter opposition from the interior ministry, Mr Lebed probably retains the sympathy of important parts of the regular army.

General Igor Rodionov, the defence minister who has won respect as a serious military reformer, is close to Mr Lebed. Among professional military officers and far beyond, both men enjoy the moral authority that comes from willingness to say out loud the unpleasant truths - in particular about the dreadful condition of the army - that other public figures prefer to cover up.

Divided security forces in a country whose cohesion is also under threat from other factors - from nationalism in the northern Caucasus to the ambitions of many regional bosses - amount to a highly dangerous state of affairs. There is very little the west can do, apart from offer assurances that whatever the problems, self-inflicted and otherwise, that are now afflicting the Kremlin, it will not take cynical advantage of Russia's resulting weakness.

over-represented at the expense of urban consumers. The new system addresses both those anomalies. It should help smaller parties and those which take on producer lobbies by advocating deregulation and administrative reform.

In other words, it should be good for the LDP's main opponents: the New Frontier party and the newly formed Democratic party. That the NFP is not riding higher in the polls reflects public disappointment at its failure to provide clear leadership when in power in 1993-94, and public distrust of its leader, Mr Ichiro Ozawa, still seen as more of a fixer than a statesman. It is also a tribute to the success of the incumbent prime minister, Mr Ryutaro Hashimoto, in breaking with the complacent traditions of his predecessor and breathing new vigour into the LDP.

Wake up Japan

The Japanese public seems bored and bemused by this Sunday's general election. So the rest of the world cannot be blamed for feeling the same. However, both may be wrong.

On the surface, three years of political turmoil, accompanied by painfully slow economic recovery and a series of traumatic disasters, have brought Japanese politics back to square one. The Liberal Democratic party, which ruled unchallenged for nearly 40 years before 1993, is back in power and may even regain its overall majority. Even failing that, it will probably be able to form the next government with more congenial coalition partners than the socialists whom it has had to work with since clawing its way back to office in 1994.

Yet important things have changed. The LDP's defeat in 1993 proved for the first time that Japan is a real democracy, in which no party can take power for granted. Indeed, this weekend's result is by no means a foregone conclusion.

The new electoral system will make a difference, even if many voters have not yet understood it. Under the old system one well-organised party could sweep the board by putting up candidates who appealed to different local or sectoral interests and dividing its supporters evenly among them; and agricultural producers were grossly

Price stability

"Price stability good" is hardly an exciting headline. But, as Mr Marya King, the Bank of England's chief economist, said in yesterday's Economic and Social Research Council lecture, sentiment is not what central banking should be about. The failure of UK monetary policy is that it has not been nearly boring enough.

Until the end of the second world war British subjects could expect prices at the end of their lives to be the same as when they were born. Since 1945 the price level has risen more than 20-fold. How could such a complete betrayal of trust have happened? Part of the reason is that economists believed that the best way to control inflation was the price of full employment - an extraordinary idea, resting on the hope that people are invincibly stupid.

remains a sizeable inflation-risk premium which raises the price of achieving the target. On current trends, the government will fail to deliver on its target for inflation of 2% per cent or less by the end of this parliament. When Mr Eddie George, governor of the Bank, asked for higher interest rates in May 1995, everyone concluded shortly thereafter that he was wrong. In fact, he was almost certainly right. That virtually nobody wants to say this shows why UK monetary policy remains unconvincing.

Because policymakers are suspected of wanting to play fast and loose at election time, counter-cyclical policy is counter-productive. As Mr King asserts, "it is precisely the absence of a credible commitment to price stability which has meant that, over the past 20 years, any accommodation of an upward shock to inflation has raised inflation expectations and increased the output cost of meeting low inflation in the long run."

Music stops for Androsch

One game, at least, is up for Hannes Androsch. A good 16 years since he was first accused of tax evasion, the 59-year-old former Austrian finance minister has been ordered to pay a fine of Sch1.5m by the supreme administrative court. He has finally run out of bodies to which to appeal.

Androsch was finance minister between 1970 and 1980, and the boyish-looking politician was often tipped as a future chancellor. As has now emerged, he was also operating a tax consultancy business, using his inside knowledge to trick his own ministry's officials. When the minister's house in a posh district of Vienna, he told the authorities that the money came from an old family friend. Unfortunately, the supposed benefactor barely had two shillings to rub together.

Peak condition

Private islands are mostly out of favour with rich Greeks these days. With their father deep in litigation with the trustees of her fortune, Adina Onassis, 11, is not likely to visit Scipios, her grandfather's hideaway, for a while. And since Stavros Niarchos died, there has been little activity at Spetsopoula off the Peloponnese. So why is the Latsis shipping group interested in Kyra-Panagia and Skantzoura, two small islands in the Sporades in the central Aegean?

It could of course be no more than a business deal. Both islands belong to Megisti Lavra, a monastery on Mount Athos, Greece's autonomous religious republic whose monks have a shrewd eye for profit. One island has substantial deposits of marble. The other could become a luxury resort for well-heeled environmentalists - the islands are home to rare monk seals. But locals suspect the Latsis

Who's counting?

No one disputes that Helmut Kohl is about to surpass Konrad Adenauer as Germany's longest serving chancellor. But there is a minor disagreement as to when the great man will enter the history books.

Everyone had assumed the big day to be October 31. That will be Kohl's 5,145th day in office since displacing Helmut Schmidt in the Bundestag. It is one day longer than Adenauer's 14 years and 31 days from his election on September 15 1949 to his resignation on October 15 1963.

Heavy seller

For the fourth week in a row, unemployed barman Gerry Adams finds himself astride the top of Ireland's list of best-selling books.

Copies of Before the Dawn, the folksy account of his early years as a republican leader, are still walking out of the bookshops, despite prime minister John Bruton's claims that the IRA is a fascist organisation employing Nazi-type tactics. The government film censor has even issued a special certificate allowing schoolchildren to watch the violent new epic on the life of Michael Collins, founder of the IRA, a film which heavily fictionalises the bloody events surrounding Irish independence.

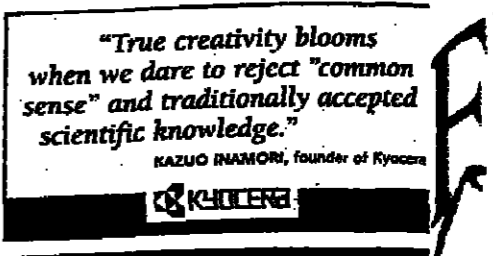
OBSERVER

Financial Times

50 years ago

America And Inflation President Truman's decision to accelerate the removal of existing controls on prices and wages may well prove to be one of the most important economic developments in the post-war period. The fear which springs immediately to the mind is that the decision destroys the last remaining obstacles to an inflationary boom of serious proportions, culminating ultimately and inevitably in a severe depression whose repercussions would be felt throughout the world.

Lower Diamond Prices The news that diamond prices have fallen in the United States should not come as a surprise. Prices had been rising there almost uninterruptedly since the beginning of the war, and the American demand has been partly on account of hoarders. Prices of cut goods have always closely followed the trend of Wall Street. The easier tone now is ascribed to durable imports and an increasing flow of capital into durable consumer goods, but the Wall Street fall may have played a part. The capacity of the market has obviously been temporarily over-estimated.



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Emerging markets survey warns of corruption pitfalls Russia 'riskiest' for investors

By Richard Lapper,
Capital Markets Editor,
in London

Political uncertainty, widespread crime, extortion, and a thriving black economy make Russia the riskiest of popular emerging markets in which to do business, according to a survey published yesterday.

When the survey was last conducted two years ago Nigeria was rated most risky. It has since become less popular among investors and was excluded from this year's survey.

Mr Stuart Poole-Robb, chief executive of MIG, said: "If companies carry out country risk analysis just using traditional credit agency ratings or macro-economic and political risk studies, they will get a total distortion of the real risks they will encounter when operating overseas."

Mr Poole-Robb said many of the companies surveyed had "piled into the emerging markets where they had no experience, no local contacts and little understanding of the risks to which they were exposing their businesses. We were amazed at the levels of ignorance, naivety and arrogance we saw in the companies in our survey."

Lebed is dismissed by Yeltsin

Continued from Page 1

the centre of a series of embarrassing battles within the government. On Wednesday General Anatoly Kulikov, the minister of the interior, accused the security chief of planning a coup. The charges were covered on Russia's television stations, including the channel owned by Mr Beresovsky.

Setback for EU as plug is pulled on a current project

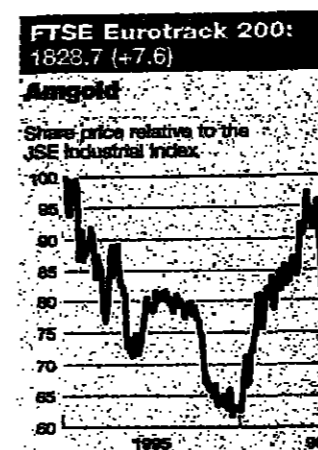
By Emma Tucker in Brussels

In Belgium, they have two prongs and a hole; in France two prongs, no hole; in the UK three rectangular prongs and a fuse; and in Switzerland three round prongs. And that is how electric plugs will remain.

Cenelec, the European body which sets electrical standards, has finally pulled the plug on the Euro-plug, after more than five years of wrangling over the merits and design of a harmonised system.

European plug. The news frustrated makers of electrical goods who would like to be able to put the same moulded plug onto virtually every appliance they sell in Europe.

THE LEX COLUMN Bear-baiting



If circumstances were different, the sacking of Mr Alexander Lebed might have been seen as good news. After all, it reinforces the position of the Kremlin's grey men - Mr Victor Chernomyrdin and Mr Anatoly Chubais - whose macro-economic caution is music to investors' ears.

US carmakers
All three of Detroit's big car manufacturers revealed healthy-looking third-quarter results this week. In reality, the honours were unevenly divided.

Deutsche Telekom oversubscribed

Continued from Page 1

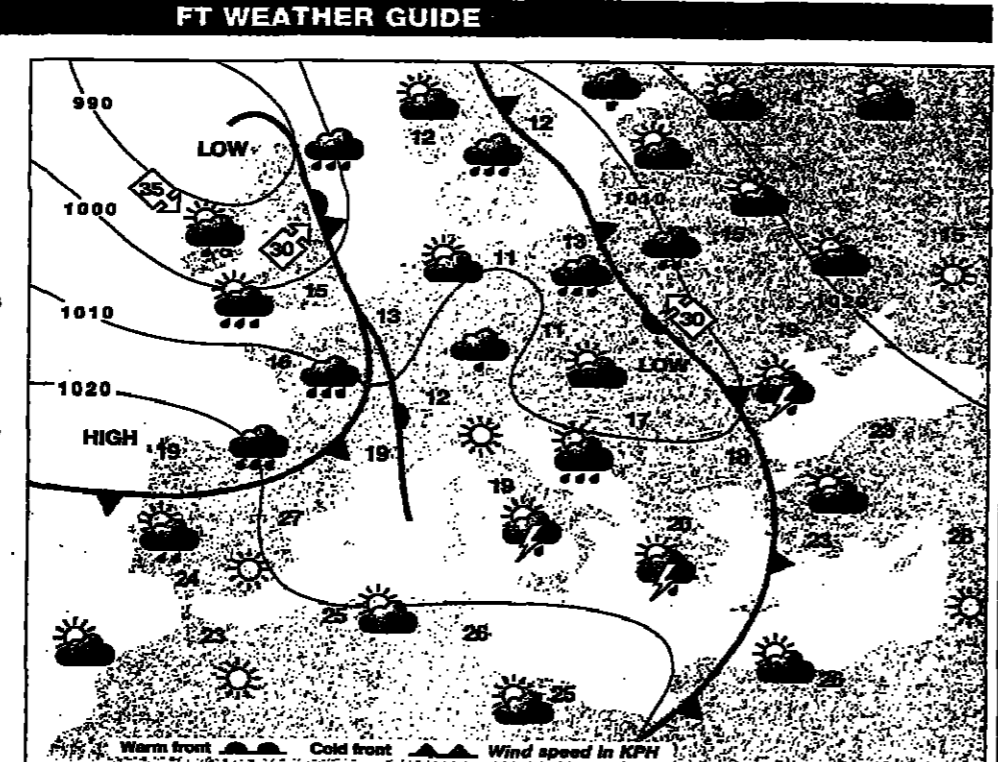
between 1 and 5 per cent. It will also announce just how many people subscribed to the preferential treatment scheme.

Takeover approved

Continued from Page 1

son's TV brands from five to two. Daewoo Electronics said the Thomson acquisition was central to its plans to invest \$2.6bn in Europe over the next five years, with France accounting for \$1.5bn.

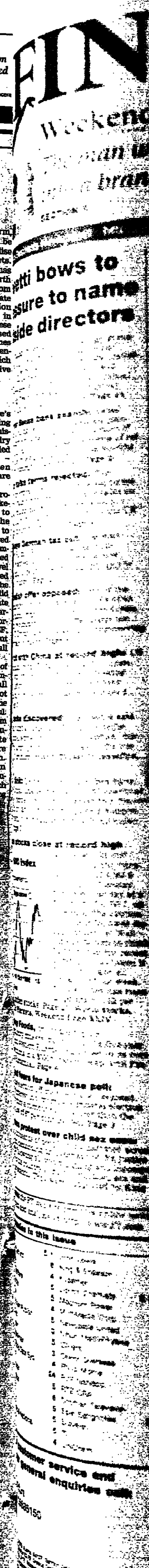
Europe today
Western Europe will be dominated by cloud and rain. Germany and the Benelux will have a sunny start but cloud will increase from the west during the morning.



Maximum	Minimum	Forecast	Maximum	Minimum	Forecast	Maximum	Minimum	Forecast	Maximum	Minimum	Forecast	Maximum	Minimum	Forecast	Maximum	Minimum	Forecast
Abu Dhabi	sun 35	Berlin	sun 17	Caracas	fair 31	Faro	sun 24	Madrid	cloudy 22	Rangoon	fair 33						
Accra	fair 31	Brussels	sun 16	Cardiff	shower 15	Frankfurt	sun 24	Moscow	rain 18	Singapore	sun 27						
Algiers	fair 25	Bombay	sun 32	Casablanca	sun 22	Geneva	rain 13	Nairobi	shower 18	Taipei	fair 24						
Ankara	rain 13	Buenos Aires	sun 27	Chicago	cloudy 8	Gibraltar	sun 23	Manila	shower 23	Tokyo	fair 20						
Athens	sun 23	Colombo	sun 31	Colombo	rain 13	Hamburg	rain 12	Melbourne	fair 19	Toronto	rain 12						
Atlanta	thunder 14	Dhaka	sun 31	Dakar	sun 31	Harbin	rain 8	Montreal	fair 24	Vancouver	rain 12						
B. Aires	fair 25	Dubai	sun 32	Dallas	sun 21	Helsinki	rain 8	Paris	cloudy 17	Wellington	shower 23						
Bjarni	shower 14	Dublin	shower 14	Delhi	sun 31	Hong Kong	sun 28	Prague	rain 11	Washington	shower 22						
Bangkok	shower 36	Edinburgh	shower 17	Honolulu	sun 32	Jakarta	sun 31	Singapore	fair 24	Yokohama	rain 14						
Beijing	sun 22	Lima	sun 26	London	cloudy 12	Kuala Lumpur	shower 24	Seoul	rain 19	Zurich	rain 11						

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FINANCIAL TIMES COMPANIES & MARKETS

Friday October 18 1996

WOLSELEY electronic component and equipment manufacturers

IN BRIEF

Anglogold dips 3% in quarter

The rising trend in the quarterly earnings of South African gold producers faltered as AngloGold, the gold-and-uranium division of Anglo American, reported a 3 per cent fall in after-tax profits to \$213.2m (\$65.5m). The decline reflected higher working costs at most mines, due in part to annual wage increases of 9-10 per cent. Page 29; Lex, Page 18

Colgate rises to \$155.6m

Colgate-Palmolive, the US toothpaste and soap company, ended a string of profit falls by reporting net profits of \$155.6m, or \$1.06 a share, after preferred dividends in the third quarter. The figure represented an increase of 37 per cent from the \$113.6m profit in the same period last year, or 78 cents a share, before a restructuring charge. Page 18

BBVA to inject \$50m into Latinvest

Banko Bilbao de Vizcaya, Spain's second-largest bank, is to inject \$50m of capital into Latinvest, the Latin American brokerage house, after completing the acquisition next week, and will provide several hundred million dollars in credit lines to allow it to expand its presence in bond markets. Page 18

Ontario plans water agency sell-off

The Canadian province of Ontario has unveiled plans to privatise the Ontario Clean Water Agency, which claims to be North America's biggest operator of water and sewage treatment systems. Page 18

Finland's UPM-Kymmene, Europe's biggest forestry group, announced a 43 per cent drop in pre-tax profits in the first eight months of the year from Fm4.6bn to Fm2.6bn. At Metsa-Saari, UPM's domestic rival, pre-tax profits slid from Fm1.5bn to Fm336m. Page 20

Exceptionals leave Albert Fisher in red Goodwill write-backs at Albert Fisher, the UK fresh food supplier that last week announced the £73.5m (\$114.7m) disposal of its North American distribution business, helped push the group £110.9m into the red in the year to August. Profits last time were £31.1m. Page 22

Strong third quarter at SGS-Thomson

By David Owen in Paris

Shares in SGS-Thomson Microelectronics rose nearly 10 per cent in Paris yesterday as the Franco-Italian semiconductor manufacturer unveiled third-quarter results indicating it was continuing to perform well in spite of difficult conditions in the semiconductor market.

The company, the world's 12th largest chip manufacturer, reported that net earnings for the three months to September 28 increased 2.6 per cent from \$129m to \$132.4m.

Franco-Italian group bucks downward semiconductor trend

This took the total for the first nine months to \$483.5m - a 35 per cent improvement on the \$358.5m achieved in the nine months to September 30 1995.

Mr Pasquale Pistorio, president and chief executive officer, claimed the results "set us apart from the industry average during this difficult market environment".

He said differentiated products dedicated to a particular customer or application continued to grow as a percentage

of revenues, reaching almost 60 per cent in the third quarter. While the company was experiencing "pricing pressures of varying degrees" throughout its product portfolio, it had been able to maintain "reasonable" gross margins.

Mr Pistorio said the group still had insufficient capacity to meet demand for certain products. Commercial output from a new semiconductor plant in Sicily is scheduled to begin early next year.

Net revenues for the third quarter advanced more than 7 per cent from \$922.6m to \$988.4m. Net earnings per share fell from \$1 to 95 cents.

Net revenues in the latest quarter included \$16.7m in licence fees. These, in turn, contributed \$13.4m to net earnings and 10 cents to earnings per share.

Third-quarter operating profits amounted to \$167.4m or 16.9 per cent of revenues. There was a sharp increase, from \$109.3m to \$134.5m, in research

and development expenses. Net interest expenses, by contrast, fell by more than half from \$6.7m to \$3.2m.

At September 28 the group said its total debt was \$596.6m, of which long-term debt amounted to \$172.1m. This represented 5.5 per cent of total equity.

The jump in the share price left the company's stock at FF7385.50 - a gain of FF74.50 on the day. About five weeks ago, the shares rose more than 5 per cent in one day on

an announcement that the company had developed an anti-copying device for use in digital video disc players.

It emerged earlier this week that the 17.4 per cent stake in the group held by Thomson-CSF, the defence electronics business set to be acquired by the Lagardère conglomerate, is likely to be sold. It is widely assumed this stake will end up in the hands of one or both of the company's other large French shareholders: France Télécom and CEA-Industrie. World stocks, Page 38

Pearson names new chief from Economist

By Raymond Snoddy in London

Pearson, the UK media, information and entertainment group, yesterday announced big changes in its top management, including the appointment of Ms Marjorie Scardino, the current chief executive of The Economist magazine group, as chief executive.

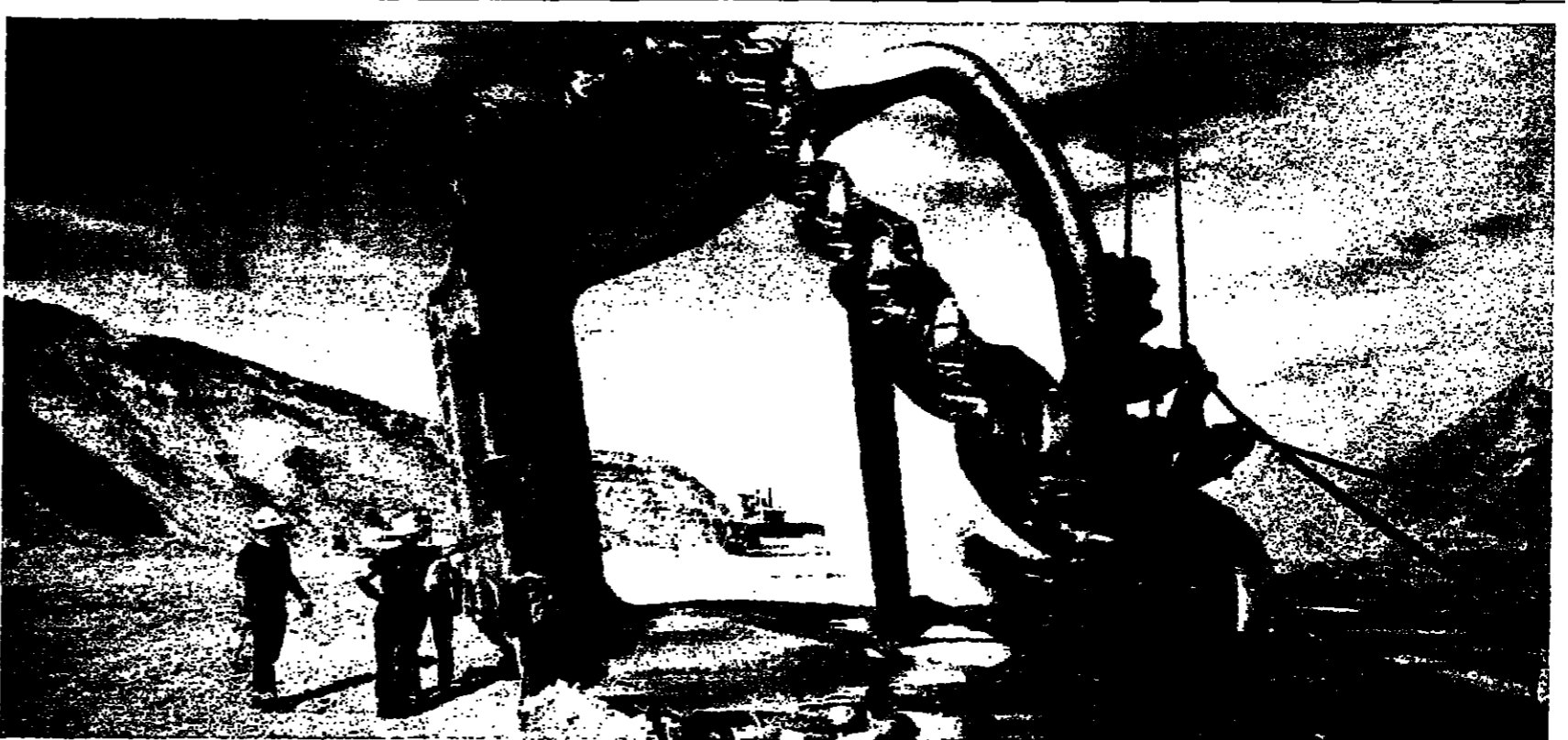
Mrs Scardino, believed to be the first female chief executive of a FTSE 100 company, will take up the job at the end of the year when Mr Frank Barlow, the 66-year-old managing director of Pearson, which owns the Financial Times, retires.

Mr Dennis Stevenson, a Pearson non-executive director who is chairman of GFA, the aircraft leasing group, has been appointed deputy chairman. He will become chairman next May when Lord Blakenham, the present chairman, retires at the age of 59.

Mrs Scardino, 49, was not an obvious choice and her appointment surprised analysts.

The new team marks a break with the past. It will be the first time that members of the founding Cowdray family are not represented at the top of Pearson. The appointments also complete a generational change at Pearson, which recently appointed three other directors in their forties.

The company moved into US coal in 1993 with two acquisitions worth \$480m (\$748.8m). It is the fourth-largest producer in the US. This year output from its mines - mainly in the Powder River Basin on the



Digging deep: employees inspect a dragline bucket at RTZ-CRA's Antelope coal mine, where output is set to jump to 20m short tons by 1998

RTZ-CRA plans doubled US coal output

By Kenneth Gooding in Gillette, Wyoming and Jane Martinson in London

RTZ-CRA, the world's biggest mining group, plans a near-doubling of production from its US coal mines by 2005.

The Anglo-Australian group is moving to take advantage of US clean air laws which are expected to boost demand for its low-sulphur coal.

The company moved into US coal in 1993 with two acquisitions worth \$480m (\$748.8m). It is the fourth-largest producer in the US. This year output from its mines - mainly in the Powder River Basin on the

Montana-Wyoming border - will reach about 45.7m short tons, up from 43.7m in 1995.

Mr Greg Boyce, president of Kennecott Energy Company, the RTZ-CRA division responsible for US coal operations, said that by 2005 annual output would reach 85m tons.

The company says demand for its Powder River Basin coal is set to rise because it is low in sulphur. The second phase of the US's Clean Air Act, which comes into effect in 2000, sets new pollution limits. Many power stations will either have to introduce emission control equipment or use low-sulphur coal. Demand for

this fuel is predicted to grow at twice the 2 per cent annual rate for total US coal demand.

Analysts said yesterday that the RTZ-CRA move was part of a trend towards low-sulphur coal among US mining companies. But although easy to mine, the low energy levels of low-sulphur coal and its abundance had made it relatively low-margin.

Ms Louise Hough, analyst at SBC Warburg in the UK, said that while low-sulphur coal did not currently sell at a big premium to its high-sulphur counterpart, the gap would widen after 2000. RTZ-CRA targeted this type

of coal when it moved into the US - even though the coal has less energy and attracts big transport costs because of the distance it must travel to reach customers.

The main increases in RTZ-CRA US coal output will come from the Antelope, Cordero and Spring Creek mines. It is planned that production at Cordero will go up from 14m tons a year to 30m.

At the Antelope mine new equipment will be introduced to take annual output from 12m tons to 20m in 1998 and eventually 30m. "It will become the lowest-cost producer in the Powder River

Basin," said Mr Boyce.

He said the Spring Creek mine was a special case because its coal had a high sodium content which created extra waste problems for many power stations. Output would rise from 9m to 20m tons.

Mr Boyce said Kennecott Energy was ready almost to double its present 1bn tons of coal reserves by acquiring new ones next to its mines when this became necessary.

He believed the company could take advantage of further consolidation of the US coal business through acquisitions. Commodities, Page 28

AT&T credit card division slips into deficit

By Richard Waters and John Authers in New York

AT&T's credit card business, the third-largest in the US, stumbled into the red during the summer as personal bankruptcies across the nation mounted, the company reported yesterday.

News of AT&T's credit card problems came as the US telecommunications company reported an 11 per cent fall in overall profits during the third quarter of the year. The decline, stemming from competition for long-distance business, had been foreshadowed in an announcement three weeks ago.

The telephone company's credit card difficulties reflect the growing credit losses suffered by US card issuers this year, and the increasingly cut-throat competition that has eaten into one of the financial industry's most profitable businesses.

Yesterday's news also points to the problems that some US companies have had in trying to become financial services powerhouses from scratch. AT&T's Universal Card, which was created in 1991, has come to symbolise the attack by industrial companies on a market traditionally dominated by banks. With 18.1m credit card accounts, it is now behind only Citicorp and Chase Manhattan in terms of size.

However, the company said yesterday that its Universal Card business had lost \$35m during the third quarter, compared with a profit of \$47m a year before.

The problems stem from a rise in the proportion of loans it has had to write off, to 6.15 per cent. This level is about one percentage point higher than the industry average.

The largest banks which issue credit cards announced results this week which suggested the problem of bad debts had peaked at levels which allowed them to sustain profitability.

At Citibank, the largest US card issuer, the proportion of loans written off rose slightly, to 5.11 per cent, compared with 4.99 per cent in the previous quarter. It admitted that it had slowed down its effort to attract new customers.

Chase Manhattan, the second-largest issuer since its merger with Chemical, reported charge-offs of 4.95 per cent of average loans. Both banks said personal bankruptcies, which require loans to be written off immediately, had been the single greatest problem, accounting for 38 per cent of write-offs at Citibank.

Mr David Hunt, a former banker who was brought in two years ago to head the Universal Card business, resigned in September. AT&T maintained yesterday he had left for personal reasons. It also reiterated that it did not intend to sell its credit card business.

Mr Thomas Facciola, a credit card industry analyst at Salomon Brothers, said AT&T had cut back its marketing to reduce its risks. However, many card issuers continued to compete fiercely for new customers. AT&T results, Page 18

Companies in this issue

Table listing various companies and their share prices, including AT&T, Aber Resources, Acer, Albert Fisher, Alto Paraná, Amag, American Airlines, Anglo American, Anglogold, Apple, Avenir, BET, BMW, Bank Popular, Bank Austria, Bank of Montreal, Bank of Nova Scotia, Bankers Trust, Beazac, Bray Shipping, British Aerospace, British Airways, CIBC, CM Telecom Int'l, Cable and Wireless, Celanese Anasco, Colgate-Palmolive, Daewoo, Dassault Aviation, DePta Finance, Deutsche Telekom, Eni, Eurofima, Felconbridge, Fiat, Ford, Granada, IRI.

Market Statistics

Table showing market statistics such as Foreign exchange, Gilts prices, London share service, Managed funds service, Money markets, New Ind bond issues, Sources, Recent issues, UK Share-term Ind rates, FTSE 100 Ind rates, FTSE 100 Ind rates, FTSE 100 Ind rates, FTSE 100 Ind rates.

Chief price changes yesterday

Table showing price changes for various companies and indices, including FTSE 100, FTSE 100 Ind rates, FTSE 100 Ind rates, FTSE 100 Ind rates, FTSE 100 Ind rates, FTSE 100 Ind rates, FTSE 100 Ind rates, FTSE 100 Ind rates, FTSE 100 Ind rates, FTSE 100 Ind rates.

New York & Toronto prices at 12.30

COMPANIES AND FINANCE: ASIA-PACIFIC

Petronas lines up Vietnamese PVC holding

By James Kyrgis in Kuala Lumpur

Petroleum Nasional (Petronas), Malaysia's state oil and gas company, has signed a letter of intent to take a 40 per cent stake in a polyvinyl chloride (PVC) venture in Vietnam.

Vung Tau area in southern Vietnam. It will add a key downstream link in Petronas's already significant involvement in Vietnam's oil, gas and petroleum products sector.

Vietnamese groups including Vietnam. The plant, which is expected to be completed in 1999 and have about 100,000 tonnes of capacity, is expected to cost \$105m.

because of fears of possible overcapacity in Vietnam after it learned that a second PVC plant had been approved by the authorities. PVC is a plastic resin used as a coating, and in clothing and other applications.

aysia's biggest and most profitable companies, the investment will bolster its considerable involvement and influence in Vietnam. The company owns and operates two offshore exploration blocks near Vung Tau, and has recently made considerable commercial discoveries in them.

stake, in October 1994. The company signed an agreement in March this year to take a stake in an oil refinery in Dung Quat, central Vietnam. The plant is expected to have capacity of 130,000 barrels a day. It also has a 49 per cent stake in a liquefied petroleum gas terminal and bottling plant with capacity of 20,000 tonnes a year in Hai Phong.

Pakistan gets to grips with \$28bn debt load

Muhammad Rafiq Tarique, the Pakistani prime minister, had some carefully chosen words of comfort for the bankers and international institutions who have lent her country a total of \$28bn. "We have never defaulted on any of our external commitments. Nor will we," she said during a visit to London this month.

The figure does not include some \$8bn of dollar deposits by overseas investors in Pakistani banks, about half of which effectively counts as short-term debt and on which the government also relies for foreign exchange. The government has also been forced to focus on short-term borrowing as overall terms in the market have hardened.

of imports. With a further lump of debt repayments falling due in the current quarter, Pakistan faces a serious squeeze. Admittedly, some banks are still willing to lend: a \$100m, one-year oil import facility syndicated recently by ANZ, the Australian bank, was oversubscribed - but that is a rarity. Most lenders were simply repaid as their loans fell due.

Pakistan: Foreign debt Total outstanding at end-June \$bn 1991 17.02 1992 19.23 1993 21.49 1994 23.7 1995 25.3 1996 28.0

credit rating agency, may be attractive to investors worried about Pakistan country risk, but bankers say Pakistan's decision to mortgage its future revenues is an indication that it cannot easily raise large amounts of conventional finance. Bankers generally agree that a new arrangement with the IMF is essential if maturing debt is to be refinanced, but they also believe Pakistan should seek to borrow at longer maturities if its credit rating improves on the back of an IMF deal.

a \$150m, five-year floating-rate note through Citibank, with a margin over money market rates of 2 percentage points. But, says Mr Jafarey, to achieve even that margin required the inclusion of a put option allowing investors to redeem their notes every 18 months. With Moody's threatening to downgrade Pakistan's country rating, now may not be the time to seek longer-term finance. "We have a policy of extending the maturity of our debt," says Mr Jafarey. "We could ask the banks for another floating-rate note at a longer maturity, but obviously we'll have to wait. The IMF endorsement would be the beginning, but we'll have to wait till we've rebuilt the reserves and the trade balance has improved."

Peter Montagnon and Farhan Bokhari

ASIA-PACIFIC NEWS DIGEST

Woodside moves to extend gas project

Woodside Petroleum, operator of the North West Shelf oil and gas project in Western Australia, has submitted a formal proposal to expand the facilities. Woodside said it held meetings this week with its Japanese gas and power utility customers, following "indications" in June that they would be interested in the A\$6bn (US\$4.7bn) expansion.

Normandy merger setback

North Flinders Mines, one of the companies involved in the four-way merger plan initiated by Mr Robert Champion de Crespigny's Normandy group, said yesterday investors representing just under 74 per cent of its shares had accepted the Normandy terms. However, this leaves the bidder well short of the 90 per cent at which it can mop up minority holdings.

Foster's expands in S America

Foster's Brewing, the Melbourne-based drinks group, is to follow up its launch of Foster's Lager in Chile last month with a push into Argentina by the end of the year. Mr Richard Scully, senior vice-president of Foster's International, said South American beer consumption was showing "dramatic growth and we naturally want to establish the Foster's brand there."

EWIS DIGEST

Group great year

Its run of record quarterly rise in net income, which rose 17 per cent, from \$1.2m to \$1.4m, at 90 cents a share, the company said in a 30-day quarter, during which share price rose 17 per cent.

beats forecast

announced stronger than analysts' estimates. The 3-quarter earnings per share of 17 cents, compared with the 16-cent forecast for the summer months. Net profit was up from \$1.2m to \$1.4m.

gentine pulp by

Construction has agreed to pulp market for a total of \$1.5bn. The deal will give Celulosa Araucaria a \$4.54 per tonne, while investments in the sector will be a lesser extent.

SE chief quits

Chief executive of the Singapore Exchange, Mr Lim Guan Eng, has resigned from his post. He had been in the job for 12 years.

in market deal

deal between the Singapore Exchange and the Hong Kong Exchange. The deal will allow the two exchanges to share information and resources.

ness hits

business hits the market. The market is expected to be volatile in the coming weeks.

iced for fall

iced for fall. The market is expected to be volatile in the coming weeks.

120bn bond

120bn bond. The market is expected to be volatile in the coming weeks.

Advertisement for Peter Chadwick featuring a large image of a car wheel and various text blocks. Text includes: 'picture a car of 25 years ago and one of today.', '(work) force.', 'new, think beyond design.', 'japan emerging as one of the leading manufacturers, followed closely by Korea?', 'the number of suppliers slashed by at least a factor of 20.', 'the weight of a car has halved, as has fuel consumption, and development time.', 'electronics have 10 times the functionality.', 'companies must be capable of continually increasing that pace of change.', 'differences between competitors will decide who survives.', 'these differences can be quite dramatic.', 'between 1 and 3 million hours of engineering time to develop a new model.', 'from 0.2 to 15 defects per car at final test.', 'between 500 and 20,000 suppliers.', 'supplier productivity differences of 250%.', 'the companies that will win will get cars from concept to volume in remarkable time and with no defects to survive, let alone flourish.', 'demands an internal acceptance of the need to change at every level.', 'we require both the intelligence and humility to learn from other sectors.', 'it is change in its most extreme form, but even when we recognise the challenge, we don't always know how to address it.', 'we need not just to think out to behave differently, to create frameworks which encourage rather than restrict, to put theory into practice, for only then can we really learn, few of us can do it alone, but, ultimately, for change to be sustainable, it can only come from within.', 'call Peter Chadwick on 0181 332 0062 or fax 0181 332 0061.', 'PETER CHADWICK'

مركز من الأعمال

OCTOBER 18 1996

ogold

Price is not linearly deter-
mined by demand and supply.
Numerous sources of supply
have ground supply of
the market at which cannot be forecast.
Gold production at Freegold
and was 6 per cent higher
at 4,200kg; at Vaal Reefs it
rose 5 per cent to 18,500kg.
Freegold, production
dropped 4 per cent to 20,200kg.
Western Deepes reported
the largest decline of 8 per
cent to 78,300kg.
x. Page 16

in meetings (Helsinki)



John ...



packaging and printing
supplies, as well as pulp. One
time restructuring costs
would reduce profits over
the year by F\$130m, it said.

250 jobs losses

... roughly half the
... and 900 at ...
... bigger of the ...
... production plans.
... Pirelli, pres-
... Rudi, said the
... 2,500 work-
... 200 to support
... turnover of
... a year. He
... filled by 30 pe-
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Andrew ...

COMPANIES AND FINANCE: UK

Laird may reduce German workforce

By Tim Burt
Laird Group, the engineering components and building products manufacturer, is considering cutting its workforce in Germany by up to 40 per cent as part of a reorganisation of its automotive activities.

John Gardiner, chairman, said: "There is a tremendous change going on in German industry and Laird will not be exempt from that."
The phased programme, involving moving some production to lower cost plants in Spain and the Czech Republic, is not expected to lead to large one-off provisions, Laird blamed the need to make redundancies on high labour costs.

engineering groups. Babcock International said it had cut its German workforce by almost 40 per cent to 440 in the past 12 months.
Mr Nick Salmon, chief executive, said yesterday: "We will still manufacture high value-added products in Germany, but basic activities can be done more cheaply elsewhere."

Germans warn T&N on takeover

By Tim Burt
Kolbenschmidt, the German pistons manufacturer being pursued by T&N, has warned the UK engineering group that it was unlikely to win cartel approval for its proposed takeover.

Exceptionals leave Albert Fisher in loss

By David Blackwell
Goodwill write-backs at Albert Fisher, the fresh food supplier that last week announced the £73.5m (£114.7m) disposal of its North American distribution business, helped push the group £110.9m into the red in the year to August.

its turnover. Now that 70 per cent of the revenue base was in operations where value could be added, the challenge was to build shareholder value through organic growth.
Next month, Mr Neil England, currently Moscow-based vice president of Mars, takes up the new post of chief executive. He will be expected to apply his sales and marketing skills to the four remaining divisions - produce, seafood, processed food in Europe and processed produce in the US.

LEX COMMENT
Lonrho

It is like the good old days at Lonrho, with whispers over potential buyers, confusion over future structure and a steadily declining share price. Since Mr Dieter Bock, Lonrho's chief executive, secured a profitable exit for his investment with a sale option to Anglo American, Lonrho shares have fallen 23 per cent. Mr Bock tells a good tale of delivering value through break-up and disposals, but his willingness to secure his own exit suggested to cynics there would be little value left for anyone else.

Ugland in \$200m deal

Dealings in shares of Ugland International Holdings, a ship-owning and management group, were suspended yesterday after it unveiled a deal worth up to \$200m to acquire the Ugland family's vehicle carrier interests.

Sydney may get M&S knickers

By Peggy Hollinger
Marks and Spencer's famous knickers could go on sale in Sydney next year, as Britain's largest clothing retailer prepares to launch a franchise chain in Australia.

up its international ambitions, announcing that it plans to spend \$380m (\$593m) on expansion abroad in the next three years.
While it has already announced aggressive opening programmes in Europe - planning 25 stores in Germany - it also has plans for south-east Asia, where much of the expansion will be done via franchise agreements.

RESULTS

Table with columns: Company, Turnover (£m), Pre-tax profit (£m), EPS (p), Current payment (p), Date of payment, Dividends, Total for year, Total last year.

Table with columns: Investment Trusts, NAV (p), Attributable Earnings (£m), EPS (p), Current payment (p), Date of payment, Corresponding dividend, Total for year, Total last year.

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. After exceptional charge. After exceptional credit. ↑↑ Increased capital. SJS currency. AIM stock. SUSM stock. *First interim. *Comparatives restated.

The changing of the guard

Raymond Snoddy interviews Pearson's next chief executive

Mrs Marjorie Scardino, named yesterday as the next chief executive of Pearson, is not the sort of person the City wanted to replace Mr Frank Barlow, the current managing director, when he retires.



Not an insider - Marjorie Scardino is joining 'the boys' club'

boys' club. At least I'm not a boy. I haven't been to Eton and I don't speak English properly," laughs Mrs Scardino, a tall imposing Texan. With her husband Albert, a journalist, she founded The Georgia Gazette newspaper which won a Pulitzer prize but was not a commercial success.

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Far Eastern Department Stores Ltd.
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This is to inform you that effective from October 21, 1996, the Conversion Right relating to the Bonds will be exercisable.

The Financial Times plans to publish a Survey on
Isle of Man
on Wednesday, November 13.
The survey will focus on: Banking, investment funds, insurance (including derivatives), trusts and offshore companies, private portfolio management, S&P's ratings and its management, The South African connection on the island, The film industry and tourism, With its 30 pilot centres worldwide and availability in 160 countries, it is not surprising the FT:

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مكتبة الامن

FINANCIAL TIMES SURVEY

Friday October 18 1996

AYRSHIRE

Feeding strong roots

Business leaders aim to attract more inward investment to this south-west region of Scotland, writes James Buxton

Ayrshire is a place that still makes things, says Mr David Macdonald. "We have 400,000 people, which is 7.8 per cent of Scotland's population, but we produce no less than 15 per cent of its manufacturing output."

To many people Ayrshire is best known for famous golf courses such as Turnberry and Troon, for its rolling green countryside, for its moist and relatively warm climate, for its long coastline looking out on the Firth of Clyde, and for being the birthplace of the poet Robert Burns.

In economic terms those are all valuable assets, underpinning a tourist industry worth more than £200m a year and providing a good quality of life for many of Ayrshire's inhabitants.

But Enterprise Ayrshire, the local enterprise company of which Mr Macdonald is chief executive, is charged with improving the economy, and that involves focusing on manufacturing.

Important manufacturers in the area make pharmaceuticals, vehicles, textiles, computers, whisky and aerospace products. Products from Ayrshire include household names such as Johnny Walker, one of the world's best selling whiskies, blended in Kilmarnock; computers from the US company Digital made at Ayr and Irvine; and Jetstream aircraft, built by British Aerospace at Prestwick.

Although several of Ayrshire's leading manufacturers are offshoots of foreign-owned companies such as Roche and Nestlé of Switzerland, and Volvo of Sweden,

others are the plants of UK companies such as Smith-Kline Beecham, the pharmaceuticals group, Imperial Chemical Industries and Fullarton Computer Industries, a home-grown contract manufacturer for the computer sector which belongs to Laird Group (see page 117).

Mr Macdonald does not accept the description of Ayrshire as a branch plant economy. "I'm not sure branch plants are a local issue any more. Isn't this sort of thing happening everywhere in the world? Each of these plants has very simply got to be the best at what it does, wherever it is."

Even so, Mr Bill Miller, a leading Ayrshire businessman who founded Prestwick Circuits, a printed circuit board maker, is convinced that the most effective companies in Ayrshire are often ones based locally. "You've got to have people with fire in their bellies determined to do things for the local community," he says.

In addition to Fullarton, which now employs about 2,000 people at Irvine, he points to PKI Ltd, a company set up by local businessmen (including Mr Miller) which bought Prestwick airport in 1992 and is expanding its business. Scheduled flights now operate to London Stansted, Dublin and Belfast, and charter holiday traffic is growing rapidly (see page 11).

Enterprise Ayrshire was set up in 1991. Its objectives range from making Ayrshire attractive for inward investment, to strengthening locally headquartered companies through advice and



A Skillsseeker and Galloway castle: manufacturing and tourism drive the Ayrshire economy

training, especially in the textile and engineering sectors where there are several medium-sized companies.

Although Ayrshire contains prosperous towns, such as Ayr and Troon, its average level of unemployment is more than 12 per cent, four percentage points above the Scottish average, and there are pockets of very high unemployment, especially among men.

The Cumnock and Sanguhar area in the south where the deep coal mines have closed has one of the highest rates of unemployment in the UK.

Along the coast, Irvine, whose new town status ends in December, and the adjoining towns of Ardrossan, Saltcoats and Stevenston have

high unemployment and pockets of deprivation, because of the rundown of the ICI explosives plant at Ardeer.

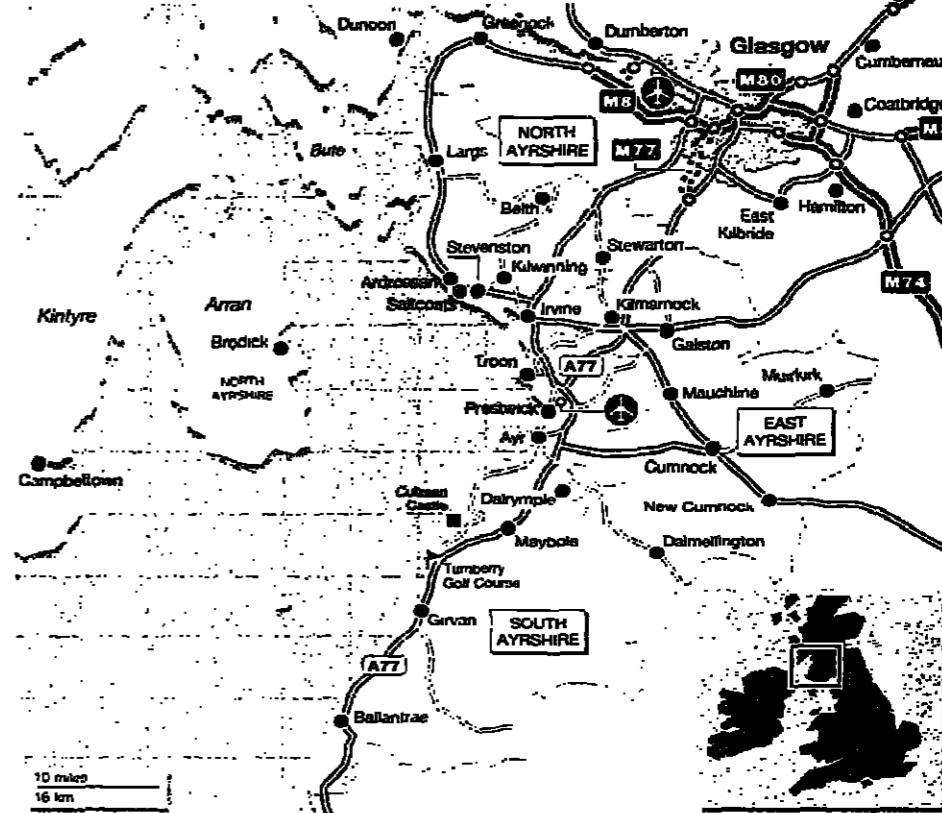
While unemployment is acknowledged by Enterprise Ayrshire to be one of Ayrshire's problems, the agency also lists the absence of competitive sites for modern business as a problem to be overcome. Its business plan draws attention to Ayrshire's 2m sq ft of industrial space but much of this is of poor quality and unsuitable for investment.

However a 30 acre business park is now being developed at Rowallan outside Kilmarnock, and plans have been approved for upgrading Riverside business park at Irvine. Shaw

Farm estate at Prestwick is also being developed.

Ayrshire is a geographical expression rather than a local government unit. Although many people in the former county would have liked Ayrshire to have become a single tier council in the 1994 reorganisation of Scottish local government, the government decided to create three unitary authorities, for North Ayrshire, East Ayrshire and South Ayrshire.

The new authorities at least contain the word Ayrshire in their names which their predecessors did not, and although they each have their own agendas for economic development they co-operate with each other. The chairmen of all three



councils are on the board of Enterprise Ayrshire, and each council participates in the Ayrshire Location Service whose remit is to "secure location decisions for the benefit of Ayrshire".

This means encouraging companies which are considering locating in the area, and helping those already in Ayrshire to put down stronger roots. The work of finding companies from outside Scotland to come to Ayrshire is the responsibility of Locate in Scotland, based in Glasgow.

In East Ayrshire the council, based at Kilmarnock, has made the "drive for jobs and economic development" its top priority, and recently established the East Ayrshire Business Partnership with the private sector to assist small businesses.

South Ayrshire, housed in the splendid former county buildings in the centre of Ayr, has taken the most radical approach of the three councils to its own structure, setting up only seven departments to administer all its services.

"We want to change the face of local government in this area," says Mr Graham Thorley, chief executive. "It has a long way to go to win back the trust of the public.

We are in a race to catch up with the best practices of the private sector."

At North Ayrshire, based at Irvine, optimism is blighted by what Mr Sam Gooding, chairman of Infrastructure and environment services, calls the "silent closure" of the ICI complex at Ardeer. The number of people employed at Ardeer, which still makes explosives, has dropped from 4,500 in 1980 to between 400 and 450 today, and was as high as 12,000 in 1950.

Mrs Ann Hopkins, North Ayrshire business development manager, says: "About as many jobs have gone here as were lost with the rundown of the Ravenscraig steel plant in Lanarkshire, but we've had nothing like the level of government assistance that Lanarkshire's received."

Mr Gooding says Irvine new town "was supposed to be the saviour of North Ayrshire. But its population only grew to a quarter of that projected. The energies of leading people in Ayrshire are now focused on two objectives. First, in a move which is aimed at boosting Prestwick airport, they are campaigning with leading Scottish business organisations to persuade the govern-

ment to relax the international rules governing air freight.

At the moment aircraft from the US are not allowed to pick up cargo at Prestwick and fly it on to Europe, which means that manufacturers in Scotland lose expensive time sending goods via London Heathrow. "We are trying to get the government to see this as an industrial and not a transport issue," says Mr Graham Shaw of Enterprise Ayrshire.

A longer term concern are the roads. The construction of the M77 motorway through the southern suburbs of Glasgow is progressing well and when complete next year will greatly speed up journey times to Ayrshire.

But roads to the east linking Ayrshire with the M74 north-south motorway are notoriously slow, and there are few plans to upgrade them. The Scottish Office is not making the issue a priority and people in Ayrshire are divided as to whether the main link should be the A70 or the A71.

If Ayrshire is to have a communications infrastructure suitable for the 21st century, as Enterprise Ayrshire wants, big improvements are essential.

AYRSHIRE'S GOOD FOR BUSINESS



"...and that's good for you too!"

RODNEY LARKINS, BUSINESS LOCATION MANAGER, AYRSHIRE LOCATION SERVICE

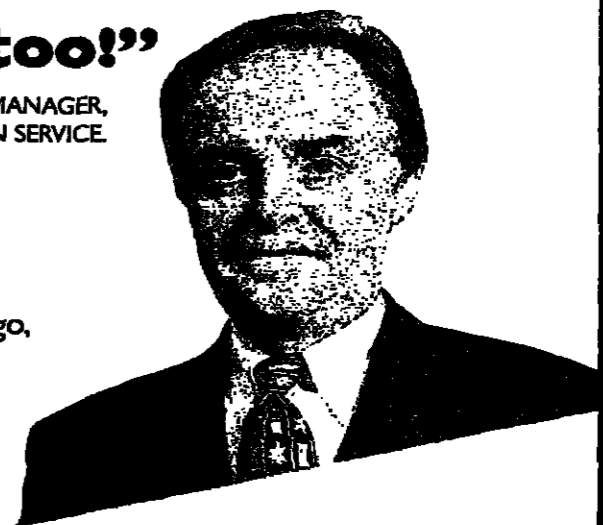
In Ayrshire we have the companies, the people and the skills to compete with the best in the world.

Rhor Inc., the US Corporation with headquarters near San Diego, has selected Prestwick, Ayrshire, to expand its European overhaul and repair presence. The company's core business is the design, manufacture and support of aircraft engine nacelle systems and components for large commercial aircraft.

Bob Gustafson, Vice President, Customer Support at Rhor comments: "Prestwick was specifically chosen based on the availability of a sound aerospace-oriented infrastructure, highly skilled labour pool, and the easy accessibility of the Prestwick site."

Ayrshire boasts a thriving, dynamic cluster of world class companies in a range of sectors including aerospace, engineering, electronics, chemicals, textiles, food & drink, and tourism. Indigenous companies planning for growth or companies looking for a new location can benefit from financial and training assistance, excellent access to European and International markets and superior supply chain networks.

To find out how Ayrshire can be good for you and your company, contact the Ayrshire Location Service, a dedicated team which will work closely with you to develop tailor made business location proposals and deliver solutions to meet your specific business needs.



AYRSHIRE LOCATION SERVICE



developing companies, skills and places

FOR FURTHER INFORMATION CONTACT RODNEY LARKINS AT THE AYRSHIRE LOCATION SERVICE ON 01563 526623. E-MAIL: RODNEY.LARKINS@SCOTENT.CO.UK

17/19 HILL STREET, KILMARNOCK, AYRSHIRE KA3 1HA.

II AYRSHIRE

Economy: by James Buxton

Investment in the air

Electronics and aerospace industries underpin the local economy

A recent announcement that Rohr, a US aerospace components group, is to set up an \$8.7m repair and service facility at Prestwick could easily have been ignored amid the stream of inward investment successes which Scotland has achieved lately. But it was significant not just because it was a rare example of an inward investment that had nothing to do with Scotland's electronics industry, but because it emphasised that Ayrshire has a significant foothold in the aerospace industry.

aerostructure parts both for Jetstream and for other aircraft. Recently Jetstream has cut its workforce by 250 to 711 and Aerostructures by 300 to 913, making 1,624 in all.

There is also uncertainty over the Civil Aviation Authority's air traffic control centre at Prestwick, where 650 people are employed controlling the air-space of northern Britain and much of the north Atlantic.

A £230m project to upgrade the Prestwick control centre following the recent construction of a new centre at Swanwick near Southampton is under review, and trade unions at

tract manufacturer, based at Irvine. Irvine is also the location of Ayrshire's vehicle industry, with a large plant belonging to Volvo which assembles the chassis of a large proportion of the buses on British roads, as well as those of heavy trucks. Volvo employs about 500 people at Irvine.

Although the ICI plant at Ardeer is gradually running down, there are two major pharmaceutical plants in Ayrshire: SmithKline Beecham employs 750 people making antibiotics and medicinal products in bulk at Irvine; further north, at Dalry, the Swiss company Roche recently announced a

planning permission to build a £50m plant near the site of the Barony colliery at Auchinleck.

Egger, which also has a plant at Hexham in Northumberland, says Auchinleck is ideal for an easy supply of wood from the forests of south-west Scotland. The plant would employ about 120 people and produce 270,000 tonnes of chipboard a year for the furniture industry.

However an earlier application to place the plant in Irvine, close to the Finnish company Kymmene's large paper mill, was turned down after strong objections from the local community which claimed it would cause pollution and spoil scenery near the coast.

Both Enterprise Ayrshire and Locate in Scotland favour the Auchinleck site, while East Ayrshire council points out that the plant would create employment and generate spending in an area which contains patches of over 30 per cent. However it says the plant's environmental impact will be closely studied before planning permission can be granted.

East Ayrshire should also benefit from the fact that a site near Kilmarnock has been chosen for Scotland's newest prison, involving an investment of £60m and the creation of about 350 long-term jobs, as well as a large number of construction jobs.

East Ayrshire council is seeking Scottish Office funding for a regeneration strategy for areas with the highest unemployment near Cumnock and Sanquhar. It also expects to benefit from the upgrading of parts of the A77 Glasgow-Ayr road to motorway, which it believes will improve Ayrshire's accessibility, while a £7m project to improve the centre of Kilmarnock, which had been losing shopping and other business to Ayr has been completed.

Mr Stephen Chorley, director of development at East Ayrshire council, says: "We have got the basis for being seriously competitive with other parts of Scotland."

Down the coast at Ardeer Point, the Millennium Commission has offered £5m for a permanent exhibition on the theme of invention, linked to Alfred Nobel, the inventor of dynamite who established what is now the ICI plant. Matching funding for the £10m scheme will have to be raised.

Over in East Ayrshire, the Austrian company Egger wants to build a plant making chipboard in the depressed southeastern part of Ayrshire. Its subsidiary Eltimate has applied for



Prestwick airport is enjoying a revival, but businesses are lobbying for a change in air freight rules

Air traffic: by James Buxton

Prestwick takes off again

Aggressive marketing by operator PIK is revitalising Ayrshire's airport

No one who visited Prestwick airport three or four years ago could fail to be impressed by what is going on there now. In 1992 the large passenger terminal was embarrassingly empty - fewer than three dozen passengers passed through it in the whole of that year, and they had been diverted. The situation was only slightly better in 1993.

Now, although there are periods in the day when the passenger terminal is fairly quiet, usually there are clusters of travellers to be seen checking in. And although airfreight business never deserted Prestwick, there are now noticeably more wide-bodied cargo aircraft passing through.

Prestwick airport is one of Ayrshire's recent success stories. It used to be a source of controversy as local politicians fought to retain the special legal status that required transatlantic flights from Scotland to use it.

Now the people of Ayrshire, most of whom are unshakeable in their belief that Prestwick is one of the finest airports in the world, have had to put their money and their energy into making it work and succeeding.

The decline of Prestwick began in the 1980s and accelerated in 1990 when the government reluctantly abolished its special status. Passenger services immediately migrated to Glasgow airport, seen by travellers as more convenient than Prestwick, which is 30 miles south-west of Glasgow. That counted for more than the fact that Prestwick is almost never closed by bad weather.

Then in 1992 BAA (British Airports Authority) sold Prestwick to PIK Ltd, a consortium of businessmen and local authorities chaired by

Lord Younger of Prestwick, the former defence secretary and local MP. Later the councils were obliged by the government to sell their stakes.

PIK takes an unusual approach to running airports. Unlike many airport operators it does not subcontract any services: at Prestwick all are provided by the airport company, from ground handling to duty free sales. The 313 airport staff are expected to be flexible and do more than one job.

It also takes an aggressive approach to marketing. "A lot of airports just sit back and largely let the market deliver business to them," says Mr Hugh Lang, PIK's managing director. "We can't afford to do that; we go out and get it."

PIK (the name comes from the airport's international identification sign) began with an effort to win back charter and scheduled passenger flights. It remedied the absurdity that although the railway from Glasgow runs little more than 100 yards from the airport terminal, trains did not stop there. In September 1994, Strathclyde regional council and ScotRail opened a new station, connected to the terminal by a covered walkway.

Through ScotRail, PIK offers free rail travel to the airport from any station in Scotland and a £5 flat fare from Prestwick to Scottish stations for incoming passengers. "We expected this to encourage the charter business; we didn't realise scheduled carriers would like it too," says Mr Lang. But he warns that with passenger numbers growing, the concessions are under review.

Passenger throughput reached about 120,000 in 1994 as charter airlines resumed operating from Prestwick. Later that year a breakthrough was achieved when scheduled services started up again as the Irish airline Ryanair launched a low cost service to Dublin.

That was followed last autumn by Ryanair launching a service to London Stansted with the lowest return fare of £59 - marginally below that charged this year by EasyJet between Edinburgh, Glasgow and Luton. Meanwhile, Gill Airways started scheduled flights to Belfast.

This year Prestwick expects to handle 560,000 passengers, with the line-up of charter airlines boosted by Laker Airways. Next year Thomson Holidays will begin flying from Prestwick, and the airport is hoping to handle 750,000 passengers.

PIK initially offered Ryanair greatly reduced handling charges, while the fact that PIK provides all airport services itself offers scope for cross-subsidy. Great Holidays, the airport's own travel company, which runs its own charter flights, makes a loss.

Nevertheless PIK itself has made profits from its first year of existence: in 1995-96 pre-tax profits were £1.24m on sales of £14.2m. Prestwick expects to gain more passenger traffic when the European Union's third package of aviation liberalisation measures come into force next April, allowing airlines to fly between any two points in the EU. "I predict there will soon be a Prestwick-Amsterdam service, and several others," he says.

The airport has also had success building up its freight traffic, which has grown from 16,000 tonnes in 1992 to an anticipated 45,000 tonnes this year. There are now 13 regular freight services a week, operated by FedEx (as Federal Express of the US is now known), Cargolux of Luxembourg and Lufthansa.

Mr Lang says PIK persuaded Cargolux to make Prestwick a regular stopover point. "They were overflying us on the great circle route from Seattle to Luxembourg and forwarding the freight from there by road, much of

it to electronics plants in Scotland," he says. "We persuaded them it made sense to land at Prestwick on the way and discharge cargo here."

Further expansion of freight will depend heavily on a change in international regulations which prevent a freight carrier which lands at a UK airport from the US taking on freight for delivery to another airport in Europe or elsewhere, except with special permission.

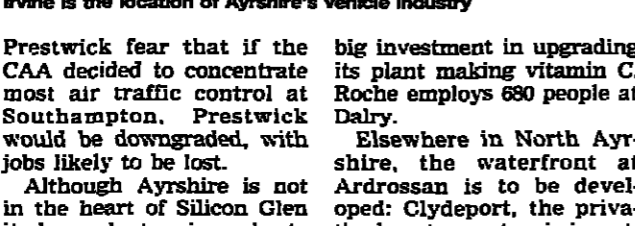
These rules inhibit the growth of airfreight services from Prestwick. The airport and the Scottish business community has recently stepped up a campaign to persuade the British government to agree a change in the rules in a new aviation agreement with the US. The Scots have high hopes that this could emerge from the current discussions about the possible alliance of British Airways and American Airlines.

If air freight were liberalised, wide-bodied freighters could unload at Prestwick and their cargo be taken on by smaller aircraft. Prestwick would then become an airfreight hub.

PIK plans to invest £10m next year in a new 100,000 sq ft airfreight warehouse, the first stage of a 600,000 sq ft project. It hopes to obtain funding from Enterprise Ayrshire, the development body, and from the European Regional Development Fund.

"We are building the hub in the belief that there will be liberalisation," Mr Lang says. "There has to be a change - it doesn't make sense to continue using rules on airfreight that were laid down in 1944."

But it is far from certain that the current discussions between the US and UK governments will in the short term yield a new aviation agreement. However supporters of Prestwick are convinced that in the long run liberalisation of air freight is inevitable.



Irvine is the location of Ayrshire's vehicle industry

Prestwick fear that if the CAA decided to concentrate most air traffic control at Southampton, Prestwick would be downgraded, with jobs likely to be lost.

Although Ayrshire is not in the heart of Silicon Glen it has electronics plants employing about 6,500 people. The largest is Digital Equipment of the US which employs 1,350 people at Ayr and a further 450 at Irvine, the latter being the location of its personal computer plant. Digital's Ayrshire plants have barely been affected by the recent wave of cutbacks which has hit other parts of the company.

Apart from Fullarton Computer Industries (see page 11), Ayrshire is also the home of Prestwick Circuits, a quoted company which produces printed circuit boards at Ayr and Irvine, and of SCL, a US-owned com-

big investment in upgrading its plant making vitamin C. Roche employs 690 people at Dalry.

Elsewhere in North Ayrshire, the waterfront at Ardrossan is to be developed: Clydeport, the privatised port operator, is investing £12.5m in a yacht marina and housing project.

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PROFILE GREENWICH CALEDONIAN

Speeding up the service

The aero-engine plant can now offer a guaranteed turnaround

"If a customer's got a piece of equipment with a very large amount of capital locked up in it, he wants to be sure that the equipment is going to be serviced as quickly as possible and get it back earning again," says Mr John Horsburgh.

In this case the equipment is aero-engines, worth between \$500,000 and \$1m each. Mr Horsburgh is managing director of Greenwich Caledonian, which operates an engine servicing plant near Prestwick airport.

Three years ago the plant began what it called Project 35, the aim of which was to reduce servicing time from 70 days to 35 days. Mr Horsburgh says Greenwich Caledonian can now offer a 35 day turnaround to any customer with this requirement, thanks to significant changes in the plant's operating process.

"Not all customers want 35 days, but what they do want is to have the engine back when we said we would return it," he says. That was not always possible in the past.

Greenwich Caledonian is part of Greenwich Air Services, a US company with headquarters in Miami, Florida, which in June this year acquired the Prestwick plant from Aviall, another US group.

The Prestwick plant was set up in 1980 by British Caledonian, the UK airline. British Caledonian sold it in 1987 to Ryder Systems of the US, which ran it in conjunction with an aero-engine plant at Dallas, Texas. In 1993 Prestwick was spun out of Ryder and sold to Aviall, which this year sold it to Greenwich.

Greenwich Air Services claims to be the biggest independent aero-engine service company in the world, running a larger service operation than the aero-engine industry's three original equipment makers, General Electric, Pratt & Whitney and Rolls-Royce. It is about the same size as the operations of the main airlines.

Greenwich is a privately-owned company whose main shareholder is Mr Eugene Conese, its chairman and chief executive.

It has service centres in Miami, Dallas and Prestwick and annual turnover of about \$750m. Of this, around \$250m is contributed by the Scottish subsidiary, which in 1984 turned over \$40m.

Each of Greenwich's three centres specialises in a different engine family: Prestwick concentrates on the General Electric CF6 range of aero-engines, the big turbofans which power the McDonnell Douglas DC10 and MD11 aircraft, as well as the Boeing 747 and 767, and the Airbus 300 and 310. The plant also handles the smaller CFM56 (made by a joint venture of General Electric and Snecma of France) which powers aircraft such as the Boeing 737 and the Airbus 319 and 320.

Greenwich Caledonian does its own sales, marketing, billing and administration in its product sector. Its customers include many leading airlines, including British Airways (but only for the DC10s it inherited from British Caledonian), the South Korean airline Asiana, Federal Express and the US military. Last month it signed a 10 year agreement worth \$70m with LOT Polish airlines for its Boeing 767 and 737.

Engines are normally sent in for service when their exhaust gas temperature margin - a measure of their output effectiveness - falls to unsatisfactory levels. The flying hours that the engine can achieve between services depends partly on how many cycles (take offs and landings) it performs.

The airlines send their engines by airfreight to a European airport where Greenwich Caledonian collects them by road. When the engine reaches Prestwick it is stripped down and faulty or worn components replaced.

The Prestwick plant works 24 hours a day for 361 days a year, using a workforce divided into four shifts, each working a 6 hour day.

To implement Project 35, the entire servicing process was examined and changes made to simplify the flow for all engine types and eliminate waste. New equipment was installed.

The plant specialises in precision engineering. Of the 950 people it employs (the maximum the plant has had in its history) some 85 per cent are qualified engineers or mechanics. All mechanics have to sign off their work, and documentation has become even more significant following the ValuJet crash in the Florida Everglades earlier this year.

The company takes on apprentices each year and trains all its employees on the job.

The plant has been qualified to the ISO9002 standard and operates its own open learning scheme to enable employees to broaden their education and hone their skills.

Mr Horsburgh, who was running the Prestwick plant for a year before Greenwich Air Services bought it, says the change of ownership has not changed the way the plant operates.

James Buxton

حکومت الفیصل

Value Added schemes

course

AYRSHIRE III

■ **Training:** by David Land

Value added schemes

New initiatives have been launched for school leavers, and the Internet

In Scotland, the successor to the Youth Training Scheme has been branded as Skillseekers. School leavers are encouraged to gain qualifications in the workplace, with Scottish Vocational Qualifications being granted by Scottish Vocational Educational Council (ScotVEC) based in Glasgow.

The value accorded to the accredited qualifications by both employers and trade unions has helped Skillseekers gain more credibility than previous youth training schemes.

"There are already more than 1,000 local companies, from engineering through to textiles, taking part in the programme and reaping the rewards," says Ms Janis Mitchell, senior training executive at Enterprise Ayrshire.

There are 3,300 trainees, with more than half having employed status which entitles them to the going rate for the job as opposed to the £40 per week Skillseekers allowance. Some 70 per cent of people go into employment or higher education on completion of the programme.

Increased competitiveness, higher productivity and staff motivation are some of the benefits for employers, according to Enterprise Ayrshire. SVQs can benefit business by guaranteeing that employees can do their job to a nationally recognised standard, Ms Mitchell says.

Mr Bill Kerr, general manager of the Malin Court Hotel in Turnberry, commends the Skillseekers scheme to other employers.

"Helping train a young person makes people think more about their own jobs and that leads to higher standards. Our experience of the Skillseekers scheme has been very positive," he says.

Lianne Balfour, 19, in her third year of Skillseekers training, is currently a commis (junior) chef at Malin Court and has ambitions of rising through the ranks to be head chef and eventually run her own business.

The majority of young people enter the Skillseekers at Level 1 of the SVQ, a basic foundation level, or level 2 which is roughly equivalent to English GCSE school qualifications. The Level 3 qualification is for more complex or supervisory grade work. Trainees at Level 3, with additional subjects, can qualify for a "modern apprenticeship".

"The word apprenticeship has a traditional ring to it," says George Dunlop, Enterprise Ayrshire's co-ordinator of the modern apprenticeships programme. But modern apprenticeships now cover a much wider number of jobs in a variety of modern industries ranging from banking and retailing, to engineering and plumbing.

"At the moment there are about 25 types of modern apprenticeships available to young people in Ayrshire. This figure is increasing all the time and by next year we hope to offer a choice of 50."

Katie McRobert, a 17-year-old trainee greenkeeper at the Belleisle Golf Course in Ayr, is a modern apprentice working towards a Level 3 Scottish Vocational Qualification (SVQ). "I am on target to complete my SVQ in about two and a half years. At that point I will be a qualified greenkeeper and there will be even more choices available to me, such as



More than 3,300 trainees and 1,000 local companies are taking part in the Skillseekers programme

going into full time work or applying for agricultural college where I can study for even higher qualifications," she says.

She spends one day a week at college where her progress is assessed by the training and development team at South Ayrshire Council.

CyberSkills is a new initiative which is relevant to school leavers and to other groups who want to learn about the information superhighway. It is the first of its kind in Ayrshire.

It began as a programme aimed at teaching unemployed people about the information superhighway, including the World Wide Web (WWW), e-mail, PC-based video conferencing and on-line data searches.

Enterprise Ayrshire was impressed with the concept but wanted to adapt to make it suitable for a number of other audiences.

"We wanted a dispersed model, one which can be used in different locations to different audiences throughout the community. An internet simulation CD-ROM had been produced for use in places like village halls where you cannot get a modem connection to the internet," says Ms Sue Jones, development manager at Enterprise Ayrshire.

Eight training providers are tailoring the course material to specific audiences. These range from the agricultural college at Auchencruive which is laying on courses for farmers, and the Carnegie library in Ayr where courses for the general public are available.

Ms Angela McCormack manages the CyberCentre at the Carnegie Library. Fifteen computers are connected to the internet and for £40 people can enrol in a course which has been adapted from the CyberSkills programme. The four hour introductory course explains the internet and covers e-mail, the www and the use of on-line searches using search engines such as Lycos and Yahoo.

"It is like learning the piano, there is no substitute

PROFILE FULLARTON COMPUTER INDUSTRIES

Assembling parts to a hi-tech spec

The computer industry contract manufacturer is expanding locally and abroad

In the last three months Fullarton Computer Industries has taken on 450 extra people, increasing its workforce to 2,000 and consolidating its position as one of Ayrshire's largest private sector employers.

The upturn in demand is so great that it will sell £150m worth of components and sub-assemblies to the computer industry this year, compared with £85m last year. Production comes from Fullarton's seven Scottish plants, all within five miles of the head office in Kilwinning. The company is one of the biggest British-owned contract manufacturers to the computer sector.

Fullarton also has two plants in North Carolina, US, which employ 600 people and where sales will be \$80m this year.

The company was founded in 1978 by Mr Allan McLuckie, now managing director, and five colleagues when their employer, a night storage radiator manufacturer, ran into difficulties. At first their company made farm gates and electricity meter boxes but the aim was to become a contract manufacturer to the electronics industry.

Now International Business Machines and Compaq - both of which have plants in western Scotland - feature prominently in Fullarton's list of customers. In addition to making the cases and cables for PCs, Fullarton buys and assembles items such as power supplies and disc drives to the customer's specification. After leaving Fullarton's production line, the computer boxes require only five minute's extra work before they are complete.

Mr McLuckie describes Fullarton as the meat in the sandwich between the multinational suppliers of PCs and the end user. In addition to being able to produce to a high specification in terms of price, quality and delivery time, Fullarton has to select multinationals who will be successful in selling their product. "We have to get into bed with ones we think are going to be winners," he says.

Mr McLuckie predicts that there will be a shakeout in the PC industry as the millennium approaches. Some of the existing PC makers will be burned off by increasing competition, particularly

from China, he believes. However this will be offset by the entry of new players who are currently making high value components for PCs but want to become original equipment makers. He thinks that Sony of Japan has the production and marketing expertise to be successful.

Next year Fullarton will open a factory in Ireland, where there are a number of multinational computer manufacturers. In addition to supplying customers in Ireland, the plant could relieve pressure on the Scottish factories when staff numbers are low

during the holiday season.

Mr McLuckie, who was born and brought up locally, is adamant that Fullarton remains committed to the close-knit local community and that expansion abroad will safeguard the investment in Ayrshire rather than threaten it.

"Many of the 2000 people here are related to each other. We are close to our workforce and make sure that they know what the company is doing," he says.

Every three months the staff are invited in groups of 80 to the company's training centre where they hear details of the company's sales, profitability, investment programme and the state of the market.

"People want to hear it from the horse's mouth," says Mr McLuckie who reckons it takes him about three working weeks each year to make these presentations. "It is time and money well spent."

Although Fullarton has so far grown organically, Mr McLuckie does not rule out the possibility of making takeovers in the future, pointing out the acquisitive nature of the holding company, Laird Group. "It has been a good marriage," he says. "I report to people who understand the business."

Mr McLuckie, who with John Gillilan, the company's commercial director, owns a racehorse, insists he will leave the company as soon as he ceases enjoying the business and it is "time to go to the paddock."

Despite a reluctance to make detailed predictions about the company's future, Mr McLuckie, who is 51, looks relaxed and confident. It seems doubtful that he is ready to be put out to grass for some time.

David Land

Fullarton is committed to the close knit local community



Turnberry championship course: golf is an essential part of Ayrshire's identity as well as a tourist attraction

■ **Tourism:** by David Land

On course for growth

Golf and Robert Burns are the region's prime attractions for visitors

It is breakfast time at Copper Beech, the guest house run by George McLardy and his wife in an elegant leafy avenue in Bentrack Drive, Troon.

A middle aged couple from York eat their breakfast as Mr McLardy advises them on the local golf courses. The previous day they had played the course at Girvan and judged the £11 green fee to be a bargain. The £90 fee at the championship course at Royal Troon - only a few hundred yards from the B & B - was prohibitive.

Their week's holiday, which included a few days at Crieff in Perthshire, was judged to be a success and they were delighted with the McLardys' establishment.

The cafes of iced water on the breakfast table - "the Americans like it" - are part of the McLardys' effort to

cater for the US golfers who make up an important part of the clientele.

"The Americans can fax me with what courses they want to play and I will make the booking for them," Mr McLardy says. The McLardys only opened their home to the public three years ago and already have an occupancy rate of 80 per cent. Behind the couple's cheerful outgoing welcome - a commendable feat - there is a gritty determination to deliver an outstanding product.

Golf and Robert Burns are an essential part of Ayrshire's identity as well as its tourist appeal. Golfers throughout the world will see the leading players battle it out over Royal Troon's course in the Open Golf Championship. However, many will only have a sketchy idea where Troon is, in the same way that many more people can sing Lord Lang Syne than know it was written by Robert Burns, Ayrshire's most famous son.

The task of raising the profile of Ayrshire and its attractions falls to Mr Paul Buchanan, chief executive of Ayrshire and Arran Tourist Board.

He acknowledges that Ayrshire will not compete with the "bucket and spade" market segment who head for the Mediterranean each year, but points to the affluent "grey panthers" who have retired on a healthy pension and have the time and money to take up to five holidays a year.

"The trouble is that people in the south east of England think of us as remote. Hopefully the Ryanair fare of £49 return between Stansted airport and Prestwick will make a big difference," Mr Buchanan says.

Culzean castle, a leisurely 40 minute drive from Troon, is the most popular of the National Trust for Scotland's properties, with 200,000 people visiting each year. The castle, which was restored by Robert Adam, the renowned Scottish architect, in the late 18th century, commands a stunning view over the Firth of Clyde from its dramatic clifftop vantage point.

Culzean was donated to the National Trust for Scotland in 1946 by the 5th Marquess of Ailsa, a member of the Kennedy family which had been prominent in south Ayrshire since the 12th century.

The castle was in a poor condition when it was donated, but has been restored to its former glory. The Adam features - a grand oval staircase and the saloon overlooking the Clyde

- are particularly impressive.

The public is not admitted to the Eisenhower suite at the top of the castle, but for £300 a night guests can stay in the apartment which was made over to Dwight D Eisenhower during his lifetime by the 5th earl. Eisenhower stayed at Culzean four times.

"This is a place I can relax," he wrote. There is an Eisenhower exhibit, telling the story of the soldier turned politician which is particularly popular with American visitors.

Looking to the future, Mr Buchanan points to the continuing development of the Scottish Maritime Museum at Irvine. Already the museum has impressive exhibits including a lifeboat and restored shipyard worker's tenement flat.

The Victorian engine shop from Stephen's shipyard at Linthouse, Glasgow, has been rebuilt at Irvine and is being prepared to house important exhibits relating to Scottish maritime history. The museum is also restoring the clipper Carrick to its former condition as an emigration ship. It will take 10 years to complete the work on the ship which pre-dates the Cutty Sark.

Tourism brings in more than £200m to the Ayrshire economy and the sector employs 7,000 people. If the various agencies, such as the tourist board and Enterprise Ayrshire are successful, these figures should grow and more people will enjoy the sight of the sun setting over the Firth of Clyde.



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Renewed interest in sterling from abroad

INTERNATIONAL BONDS

By Samer Iskandar and Corner Middelmann

While borrowers continued to tap strong demand for Italian lira bonds, with two foreign banks raising a total £400bn, the sterling sector saw renewed interest from non-resident issuers yesterday.

Eisewere, almost \$1bn was raised by motor vehicle manufacturers Toyota and Ford - the latter through its Brazilian subsidiary.

ABN-Amro, lead manager of the Ford Brazil deal, said it was "delighted" by the strong investor demand, despite the fact that there was no offering under SEC Rule 144a.

The bonds proved popular among retail investors in Switzerland, the Benelux region, the UK and Germany, as well as offshore accounts of Latin American origin.

demand was boosted by Ford's recent release of solid third-quarter results.

The transaction was the first leg of a \$500m euro-MTN programme. The proceeds will be channelled to Brazil as part of a \$2bn capital investment plan.

Eisewere, DePfa Finance tapped the French franc market for FF1.5bn. The 12-year maturity is DePfa's longest apart from a small retail-targeted deal in Canadian dollars.

"The French franc market is strategic for us, in view of the forthcoming Euro," he said, adding that DePfa's acceptance in the sector had improved substantially.

"We could have obtained tighter terms," Mr Röhland said, "but we chose to ensure good placement by being generous by a couple of basis points."

New international bond issues

Table with columns: Issuer, Amount, Coupon, Price, Maturity, Fees, Spread, Book-runner. Includes entries for US Dollars, Euro, Sterling, and various international banks.

Syndicate officials said the paper was easily sold to French and Swiss-based investors. DePfa also expects some bonds to filter through to the UK in coming days.

Fears on Russia hit sentiment towards Europe

GOVERNMENT BONDS

By Richard Adams in London and Lisa Bransten in New York

Fears over growing political instability in Russia after the dismissal yesterday of Mr Alexander Lebed, chief of security, dampened investor sentiment towards European government bonds, with German futures drifting lower.

Analysts, however, were quick to downplay the implications. Mr Stuart Thomson, international economist at

Nikko Europe in London, described the market's reaction to the events in Russia as "a storm in a teacup. There is a 90 per cent chance there will be no follow-through."

On Life, the news from Russia drove the December bond contract to an intraday low 99.04, but the future later recovered to settle at 99.19, down 0.05 on the day.

"Our view is fairly positive through to the end of the

year, basically because there has not been a change in the economy's fundamentals," Ms Lifton said.

UK gilts firmed after falling sharply on inflation fears on Wednesday. December futures on Life settled at 109%, up 1/2.

Mr Simon Briscoe, UK economist at Nikko Europe, said Wednesday's fall had followed several days when

gilts had been at recent highs. But he thought current prices were reasonable.

"The spreads we've got against Germany are in the middle of the 160-180 range most people see the market in," Mr Briscoe said.

Italy and US Treasury prices were buoyed yesterday by a drop

in the number of new homes being built, and by a jump in claims for unemployment benefits.

There was little market reaction to the news from Russia.

Trade in London in Japanese government bonds picked up. Life December JGB futures rose to 122.82 by late afternoon, up from 122.74 in Tokyo.

NatWest gives terms of \$5bn securitisation

By Corner Middelmann

Although the UK syndicated loans market continues to be dominated by relatively small transactions, two larger deals have attracted most attention this week.

NatWest Markets yesterday unveiled the terms of a credit facility it is putting in place in connection with the planned \$5bn securitisation of some 300 corporate loans on its books.

The planned liquidity backstop facility for up to \$2.5bn, backing the issuance of commercial paper in the name of Bosc Funding Asset Company, a special-purpose vehicle.

The facility is being arranged by NatWest Markets, which will approach a number of banks in the coming days to underwrite \$500m portions. The facility has a maturity of 364 days and is zero-weighted in accordance with Bank of England guidelines.

The terms and conditions were not far off estimates that had been circulating around the market in recent weeks. The commitment fee will be up to 2.5 basis points.

This sharp compression of spreads in the syndicated loans market over that period.

facility is drawn for liquidity purposes to support the CP programme, the margin on drawings will be up to 25 basis points.

Banks joining the facility will need short-term credit ratings of at least A1/P1.

Elsewhere, British Airways announced a \$2.5bn financing facility being arranged by Bank of Tokyo, Mitsubishi, Fuji Bank, ISI, Mitsubishi Trust and Banking and NatWest Markets.

The purpose of the facility is to assist the airline in financing its new Boeing 747-400 and 13 new Boeing 777-300 aircraft, which are due for delivery between now and the end of 1998. It will enable individual aircraft to be financed in a number of different ways, with a maximum term of 15 years.

The underwriters have been prohibited by the borrower from revealing the terms of the deal. BA's interest margins on aircraft financing loans have fallen consistently over the past three years, from 52.5 basis points over Libor in early 1994 to 27.5 basis points in May.

This sharp compression of spreads in the syndicated loans market over that period.

TOP ARRANGERS OF INTERNATIONAL CREDITS*

Table with columns: Manager, 1996, 1995, % Issues, % Assets. Lists top arrangers like BZW, Chase Manhattan, Deutsche MG, etc.

BENCHMARK GOVERNMENT BONDS

Table with columns: Coupon, Bid, Price, Change, Yield, Week Ago, Month Ago. Lists benchmark government bonds for Australia, Austria, Belgium, etc.

BUND FUTURES OPTIONS (LFFE) DM250,000 points of 100%

Table with columns: Strike, Price, Nov, Dec, Jan, Mar, May, Jul, Sep, Nov, Dec, Jan, Mar. Lists Bund futures options data.

FTSE Actuaries Govt. Securities

Table with columns: Price Indices, Yield, Day's Change, Vol. Index, Accrued Interest, etc. Lists FTSE government securities data.

UK Inflation

Table with columns: Inflation 5% (Oct 17, Oct 16, etc.), Inflation 10% (Oct 17, Oct 16, etc.). Lists UK inflation data.

US INTEREST RATES

Table with columns: Rate, Treasury Bills and Bond Yields. Lists US interest rates.

NOTIONAL SPANISH BOND FUTURES (MEFF)

Table with columns: Open, Settle, Price, Change, High, Low, Est. vol., Open Int. Lists Notional Spanish bond futures data.

FT Fixed Interest Indices

Table with columns: Govt. Secs, FTSE International Ltd. Lists FT fixed interest indices.

Gilt Edged Activity Indices

Table with columns: Gilt Edged bargains, 5-day average. Lists Gilt edged activity indices.

BOND FUTURES AND OPTIONS

Table with columns: Strike, Price, Nov, Dec, Jan, Mar, May, Jul, Sep, Nov, Dec, Jan, Mar. Lists bond futures and options data.

NOTIONAL UK GILT FUTURES (LFFE) £50,000 32nds of 100%

Table with columns: Open, Settle, Price, Change, High, Low, Est. vol., Open Int. Lists Notional UK gilt futures data.

FT/ISMA INTERNATIONAL BOND SERVICE

Table with columns: Issued, Bid, Offer, Chg, Yield. Lists FT/ISMA international bond service data.

FLOATING RATE NOTES

Table with columns: Issued, Bid, Offer, Chg, Yield. Lists floating rate notes data.

GERMANY

Table with columns: Dec, Mar. Lists Germany data.

NOTIONAL JAPANESE GOVT. BOND FUTURES (LFFE) ¥100m 100ths of 100%

Table with columns: Open, Close, Change, High, Low, Est. vol., Open Int. Lists Notional Japanese govt. bond futures data.

DEUTSCHE MARK STRAIGHTS

Table with columns: Issue, Yield, Bid, Offer, Chg, Yield. Lists Deutsche mark straight data.

CONVERTIBLE BONDS

Table with columns: Issued, Bid, Offer, Chg, Yield. Lists convertible bonds data.

UK GILT PRICES

Table with columns: Maturity, Yield, Bid, Offer, Chg, Yield. Lists UK gilt prices.

OTHER FIXED INTEREST

Table with columns: Issue, Yield, Bid, Offer, Chg, Yield. Lists other fixed interest data.

DEUTSCHE MARK STRAIGHTS

Table with columns: Issue, Yield, Bid, Offer, Chg, Yield. Lists Deutsche mark straight data.

CONVERTIBLE BONDS

Table with columns: Issued, Bid, Offer, Chg, Yield. Lists convertible bonds data.

* Top 25 per cent of non-resident applications. \$ Active bonds. All £s denominated. Closing mid-price are shown in pounds per £100 nominal of stock. Source: FT Securities Data (London)

THE PRIVATE FINANCE INITIATIVE

Concept starts to take root

While bidding delays remain, there is a political consensus that the scheme will be the main way of funding new capital projects for the foreseeable future, says Mark Suzman

The Private Finance Initiative, now nearly four years old, is evolving rapidly. As contractors, government departments, and financial institutions have become more familiar with the concept, deals are being struck with increasing speed. Expertise gained with older projects is helping newer ones be negotiated more quickly and the range of PFI deals under way is expanding by the week.

At the same time, there is broad political consensus that the PFI - under which private sector companies design, build, finance and operate public sector projects - will be the primary means of funding new capital projects for the foreseeable future.

Although the Labour Party has said it rejects private management of prisons and is doubtful about hospitals, it has nonetheless endorsed private sector "partnerships" in such projects and has accepted PFI in other areas. And despite initial scepticism, as more deals come to fruition both the private sector and civil servants are becoming increasingly enthusiastic about the process.

According to Michael Jack, financial secretary to the Treasury, this is in part because the most important element of PFI - the transfer of risk to the private sector - is now well established. "Across the spectrum from risk of prisoner escapes in prisons to protester action on DBFO [design, build, finance and operate] roads, from possible extension of the 'decant' period in government accommodation

projects through to faulty rolling stock on the tube, PFI is focusing procurers' minds far more on the price attached to risk," he says. Reflecting this, the government has now agreed contracts worth more than £6bn in PFI and is still confident of meeting its stated target of £14bn of projects by the end of the 1998/99 financial year.

But despite these successes, serious problems remain. Of particular concern has been the paperwork and bureaucracy involved in the bidding process. Contractors have long complained that the convoluted procedures set out by the Treasury set out its value for money test and other regulations have caused serious delays and been prohibitively expensive - often without concrete results.

As the Treasury Select Committee noted in its report on the state of the initiative: "If the benefits of PFI are so apparent it is difficult to explain the slow progress of the initiative so far or why there is a need for a clear presumption in favour of PFI as a means of procurement." Following the publication of the committee's findings and similar complaints from such groups as the Confederation of British Industry, the Treasury issued new guidelines in April to help streamline the process.

At the same time, the government has redoubled efforts to speed up the process. John Major, the prime minister, now requires regular reports from his ministers on the state of PFI in

their sectors, increasing the pressure on sceptical civil servants to close outstanding deals.

A more fundamental concern, however, is whether the construction sector and its partners have sufficient capacity to deal with each proposed project properly. "There are far too many projects and not enough quality consortia to bid for them," says one lawyer closely involved in several PFI projects. "There has been a lowering in the quality of bids because the consortia are no longer willing to spend a lot of money in the bidding process."

For their part, private sector contractors are worried that most government departments are still fundamentally incapable of managing a concept such as PFI properly.

"The whole point of PFI is risk transfer, but the public sector is paid to avoid shouldering risk," complains Timothy Stone, a partner with KPMG Corporate Finance. "It's getting better, but we are not yet seeing the kind of changes that will ultimately be necessary to make PFI work."

That has been the task of the Private Finance Panel, a Whitehall agency, funded by the Treasury and composed largely of private sector executives.

But while the Panel is widely regarded as having been highly successful in publicising the benefits of PFI across different parts of government, it has nonetheless struggled to spread knowledge and expertise about how to put together successful PFI deals.

Its task is made more difficult by the fact that frequently civil servants who have worked on successful PFI projects are shifted to other jobs. Inexperienced people then take over negotiations on new projects, forcing



Estimated capital spending

	£million			Total
	1996-97	1997-98	1998-99	
Defence	30	80	210	320
FCO/ODA	10	10	10	30
Agriculture	10	20	10	40
Trade and industry ¹	10	10	10	30
Education and employment ²	20	40	50	110
Transport	1,120	1,320	1,260	3,700
Environment ^{3,4}	30	30	30	90
Home Office	50	110	60	220
Legal departments	10	20	10	40
National Heritage	20	30	30	80
Health	170	200	300	670
Social security ¹	130	70	100	300
Scotland ⁵	140	360	420	920
Wales	60	160	160	380
Northern Ireland	50	80	80	210
Chancellor's departments	50	40	30	120
Total	1,900	2,570	2,760	7,230

¹ Joint Benefits Agency/Post Office Courier project recorded against Social Security
² Excludes private finance activity in education institutions classified to the private sector
³ Docklands Light Railway
⁴ In addition about £4-5 billion a year of private investment is levered in through housing, urban regeneration and other programmes
⁵ Includes Forestry Commission
Source: Treasury. Graphics by Steven Bennett.

IN THIS SURVEY

● Politics: the financial secretary, Michael Jack, is reacting positively to the concerns of potential bidders. The Labour opposition would refine implementation of the initiative Page 2

● Interviews: Mark Suzman talks to Private Finance Panel chairman Alastair Ross Goobey Page 3

● Local government: councils have identified potential PFI projects. Sweeping new rules aim to encourage councils to participate in PFI Page 4

● Healthcare: not one of the big hospital deals is yet signed Page 5

● Education: though only recently targeted, education is waking up to the scheme's advantages. Technology: views vary on the benefits brought by the initiative to the IT sector Page 6

● Prisons: proof that success is possible. Defence: contracts have been awarded Page 7

● Property: fertile ground for the scheme. Industry attitudes: PFI will increase pressures on the public and private sectors to co-operate Page 8

● Transport: the sector provides some of the most spectacular deals. Case study: new trams for Croydon Page 9

● Scotland: PFI's public image is poor Page 10

In health, by contrast, while there has been some success with smaller projects such as incinerators and even pathology laboratories, there are still big problems with hospitals. While 24 deals worth more than £20m have preferred bidders, and six have received Treasury approval, the first contract has yet to be signed. Continued on page 10

OCTOBER 18 1996

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facility is drawn for Monday purposes to support the C program, the margin on drawings will be up to 10 basis points.

Banks joining the facility will need short-term credit ratings of at least A1/P.

Elsewhere, British Airways announced a \$2.5bn financing facility with Mitsubishi Fuji Bank, Tokyo-Mitsubishi Trust and Bank of America.

The purpose of the facility is to assist the airline in financing a substantial number of its new Boeing 747-400 aircraft, which are due to be ordered in a number of different ways, with a maximum term of 15 years.

The underwriters have been appointed by the power from revolving to terms in the deal. BA's new financing on aircraft is the first since the airline's restructuring over the past few years. The \$2.5bn facility is due to be completed in the next few weeks.

The restructuring of BA reflects the company's compression of its operations in the system.

INTERNATIONAL CREDIT

Country	San. Rank	% Invest
USA	1	22.1
UK	2	18.5
France	3	15.2
Germany	4	12.8
Japan	5	10.3
Italy	6	8.7
Spain	7	7.1
Canada	8	6.5
Australia	9	5.9
Sweden	10	5.3
Netherlands	11	4.7
Belgium	12	4.1
Switzerland	13	3.5
Austria	14	2.9
Denmark	15	2.3
Portugal	16	1.7
Greece	17	1.1
Spain	18	0.5
Other		0.9
Total		100.0

UK Indices

Index	1996	1995
FTSE 100	5,231.2	4,812.5
FTSE 250	4,123.4	3,756.8
FTSE All-Share	4,567.9	4,234.1
FTSE 100 Index	100.0	100.0
FTSE 250 Index	95.2	95.2
FTSE All-Share Index	97.8	97.8

UK Indices

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The PFI team at Charterhouse Bank has advised on successfully awarded contracts valued at some £4 billion since PFI was launched.

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Number 1 for PFI in fact.



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2 PRIVATE FINANCE INITIATIVE: POLITICS

AGREED PROJECTS (£m)

Scotland	
Skye Bridge	24
Dundee District Council	40
Other Scottish Health	20
TOTAL	84
Wales	
University Hospital	6
Oleira	16
TOTAL	22
Northern Ireland	
Bangor - Kinnegar Water	20
Laganside development	50
Other Northern Ireland	6
Westlink Roads Service	10
TOTAL	86



Home Office	
Bridgend Prison	80
Fazakarley Prison	80
Lowdham Grange Prison	36
Immigration Nationality Dept	41
Other projects	41
TOTAL	244
Defence	
Geran White vehicles	52
LISA Partnering	30
RAF White Vehicles	35
Others	30
TOTAL	147
Transport	
Channel Tunnel Rail Link	3,000
Dartford Bridge	150
Northern Line trains	400
Heathrow Express	300
(since transferred to private sector)	
Second Severn Crossing	300
Six DBFO Roads:	472
A69	10 (tranche 1)
A1 (M)	144 (tranche 1)
A417/A419	33 (tranche 1)
A1 - M1	200 (tranche 1)
A50	20 (tranche 1A)
A30	75 (tranche 1A)
TOTAL	4,822

(capital value of DBFO programme announced is more than 1bn - 37 projects)



Social Security	
National Insurance	150
Computers	120
BA/POCL	80
Longbenton-Newcastle	350
TOTAL	680
Health	
Amersham DGH	40
St James', Leeds	50
Royal Berks & Battle	20
Norwich & Norfolk DGH	170
Swindon & Marlborough	4
Central Middlesex	90
Smaller deals	85
TOTAL	459
Environment	
Waltham Forest HAT (170 new housing units)	15
National Heritage	
Royal Armouries	42
DSEE	
Greenwich student accommodation	11
Treasury	
Main building	190
Inland Revenue	
Regional HQ, Manchester	15
LCD	
LOCCS computer system	25

Profile: Michael Jacks by Alan Pike

Quick response to valid criticism

The financial secretary is reacting positively to the concerns of potential bidders

When the Confederation of British Industry produced a report calling for changes in the operation of PFI, Michael Jacks, the financial secretary to the Treasury, issued an immediate response agreeing with many of its findings. Mr Jacks, the minister with prime responsibility for promoting PFI, has made a virtue of listening to critics, and acknowledging that they can sometimes be right. "I have never shirked criticism," he says. "It is not a showstopper, it's a help because it highlights where we have to do better. I welcomed the CBI report and viewed it positively because its tone was right, and if criticism is justified it is silly to say we are not going to do anything about it."

Mr Jacks believes the government has already taken

considerable steps towards addressing the complaints of excessive bureaucracy, lack of commercial expertise in Whitehall departments and excessive costs and delays that have been levelled by the private sector at PFI contract negotiations.

He cites the government's Guidelines for Smoothing the Procurement Process document issued this year which, he says, was welcomed by business. Mr Jacks feels it addressed many concerns and "changed the atmosphere" in which PFI negotiations took place. The government has also undertaken to train up to 10,000 civil servants in the skills needed to handle PFI negotiations, with the first 2,000 having completed the programme. "I have never disguised the fact that we will not instantly turn civil servants into business people, but it is an indication of our good intent to address candidly areas of criticism."

But, with criticism continuing, the government is about to go much further.

New guidance issued between now and the end of the year will seek to refine existing PFI arrangements in a number of crucial areas. Mr Jacks promises a "steady flow of material which is going to address many of the areas where there has been continuing criticism."

One of the most significant aspects of the new guidance will be the publication of standard contract terms. "There are complaints that people have to reinvent the wheel every time they do a PFI deal," says Mr Jacks. "We will produce some contract terms which try to standardise the approach for a number of typical situations. This is not to say that everything will be on a standard form - in certain areas such as prisons, the formula is well worked out. But in areas where there is a need for standardisation, this publication will deal with that particular problem. I think it will be widely welcomed."

Other guidance will cover the transfer of equity - addressing the question of



Michael Jacks: seeking to refine existing PFI arrangements

how contractors, having capitalised a project and got it running, can recycle their capital into another scheme - and output specifications. "PFI, in spite of having a large amount of capital in it, is about buying services," says Mr Jacks. "The specification of those services is utterly central to the success of any project. Tight procurement requires a tight specification."

Guidance documents will also address a series of other issues including project appraisal, risk transfer and EU procurement procedures. The next significant step

in the development of PFI, believes Mr Jacks, will be its extension to local government. He sees this as an important opportunity to bring more regional and local companies into PFI partnerships alongside the national groups that have made the running so far. Even critics of details of the PFI's introduction, argues Mr Jacks, recognise that it has quickly become a permanent feature. Initiative, he says, is a word used by politicians to describe an idea that they want to test, but of which they are not really certain. "It has been

suggested that we should now call PFI the Private Finance Institution. Nobody doubts that this partnership of public and private activity is here to stay - given a word or two of interpretation, there is no serious political party that would disagree with that."

Mr Jacks acknowledges that there has been "some slippage" in the time taken to complete deals, and is bracing himself for renewed criticism if targets are missed. But he responds that this must be set against an increase in the rate of progress - in September 1995 agreed projects totalled £1.4bn, and the cumulative total by last month was £6.7bn.

He accepts that the government's new guidance is unlikely to stop criticism of the way PFI has been introduced. "People will always say we could do better, and I accept that and will continue to welcome the comment. "But we have gone beyond talking stock. We continue to develop the initiative. We continue to post success. When, in the next period, we say that we are going to do more deals we will have some justification for making the claim because the rate at which we are doing deals is speeding up," he says.

Labour: by David Wighton

Difference in the details

The opposition party backs the initiative, but would refine its implementation

One of the most striking features of the PFI is the high degree of political consensus. The differences, such as they are, relate largely to detail rather than broad principle. But John Prescott, Labour's deputy leader, rejects the suggestion that Labour has come round to the government's way of thinking on private finance. He claims that it was all his idea in the first place.

Whatever its parentage, the major parties are both strong backers of the initiative. They are also, despite the rhetoric, largely in agreement about how the operation of the PFI could be improved. Labour calls for the government to be more selective in choosing projects for PFI treatment and recommends more training for civil servants involved in the process. The government replies huffily that such reforms are already in hand. But Alistair Darling, the shadow chief secretary to the Treasury, insists that there are important differences in approach. Most fundamentally, he argues that it is the

responsibility of government to establish public spending priorities and that the Conservatives' increasing reliance on the PFI means the private sector is deciding which projects go ahead.

On an operational level, he is keen on the idea of having members of the PFI Panel broker early projects, which will then provide blueprints for future deals. He is also critical of some of the large PFI projects currently in the pipeline, which he suggests are little more than attempts to shore up the public finances now at the expense of future liabilities. Although he has not examined the proposed sale of Department of Social Security properties in detail, he says it has all the appearance of a simple "sale and leaseback" deal. "There is nothing new about a sale and leaseback and it is nothing to do with the PFI."

Some cynics believe that a cash-strapped Labour government will be tempted to step up the PFI in order to fund its public spending commitments on the never-never. Labour's reply is that its plans to overhaul government accounting will force Whitehall to be much more rigorous in project appraisals because the future liabilities generated by a PFI contract will be clearly shown on the

national balance sheet. Despite Labour's enthusiasm for the concept of private-public partnerships, Mr Darling says the potential must be kept in perspective. "If people think the PFI is the answer to all our

'If you were not transferring the risk you would not transfer the reward either'

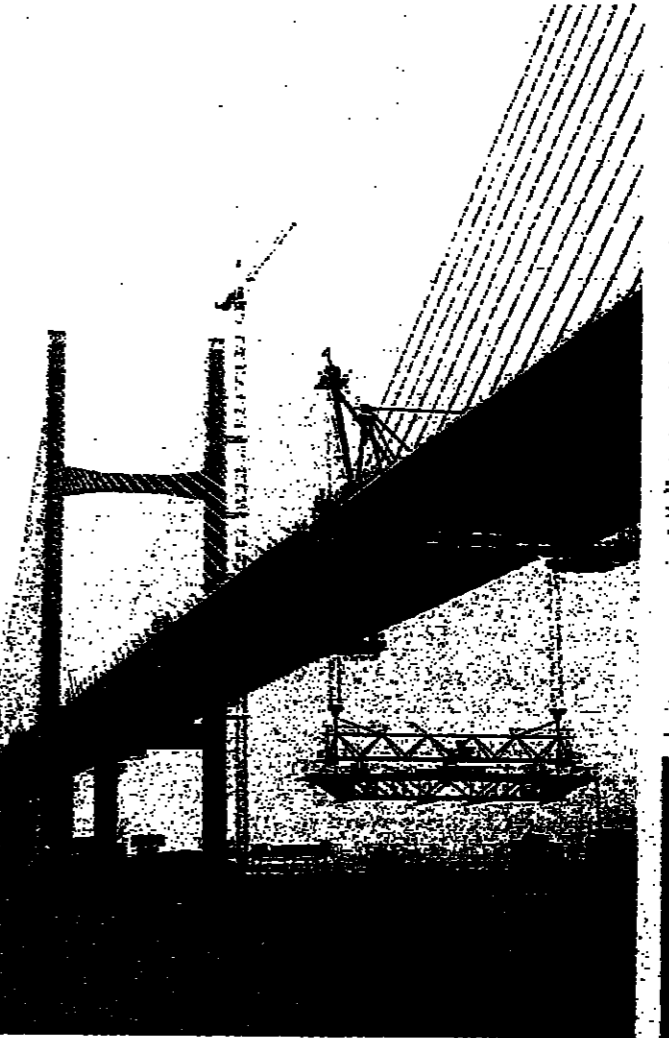
problems, that will condemn it to failure. On the vexed question of the transfer of risk, Mr Darling says Labour would be looking for a more "genuine partnership" between public and private sectors. "That means dividing responsibilities between the public and private sectors according to what they do best. In some cases that would mean transferring less risk to the private sector."

But he strenuously denies suggestions that a Labour government would be a soft touch and PFI projects would become a low-risk gravy train. "If you were not transferring the risk you would not transfer the

reward either. You must not get into the position where the public sector would be left holding the baby while the private sector runs away with the money."

One of the most pressing concerns of companies involved in the PFI is what Labour's attitude will be to its application in controversial areas such as health. Until recently, Labour policy was to exclude PFI from health entirely, as it was seen as amounting to back-door privatisation.

Some shadow cabinet members are still fiercely opposed to any further private sector involvement in the NHS. But earlier this year, the official position changed to opening up everything but "clinical services". It is not yet clear what it means by clinical services however and Mr Darling concedes that Labour's definition may be rather wider than the government's. Mr Darling promises to provide a bit more detail at a conference later this month. But frontbench colleagues accept that the party needs to produce a more comprehensive statement of its attitude to PFI in health to reduce the uncertainty in the market. "We really have to sort out our position by Christmas," says one front-bencher.



Construction of the Second Severn Crossing: today the bridge has a large private revenue stream and involves no payments by the public sector. All the revenue comes from motorists via tolls. The government's role is threefold: it awarded the initial contract; it has enforcement powers in case of default; and it regulates the income of the winning Laing-GTM consortium through a cap on toll levels related to the retail price index and a further cap on the revenue the consortium can make over the 30-year concession. Tony Wighton

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Privatisation International, Infrastructure Yearbook, 1996

Tramtrack Croydon Limited

99 year concession for the Development and Operation of the Croydon Tramlink project

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Projects worth over £1 billion

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Price Waterhouse Project Finance

Hospital Redevelopments

Negotiation of PFI deals for 8 new hospitals:

- UCLH
- North Durham
- Calderdale
- Worcester Royal Infirmary
- Lew
- Painsborough
- Edinburgh Western General
- Castle

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Seafield, Almond and Esk sewerage schemes

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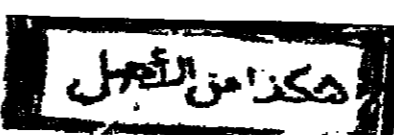
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Principal Interpret dialog the de

TAKE INITIAL PRIVATE TALK

CP



INTERVIEW Alastair Ross Goobey, chairman of the Private Finance Panel

Principal interpreter in 'dialogue of the deaf'

Mark Suzman talks to the City investment manager many hope will help public and private sector communicate

Alastair Ross Goobey was appointed chairman of the Private Finance Panel, a Whitehall agency funded by the Treasury to promote the PFI across the public sector, in May. He is chief executive of Hermes Investment, which manages Britain's post and telecoms pensions funds and was a former special adviser to Lord Lawson in 1987 and Norman Lamont in 1992 during their respective tenures at the Treasury.

How would you assess the past year for the PFI?
Overall there has been substantial progress, albeit with notable problems in health. In property, IT, roads prisons and the Ministry of Defence it is all going well. Government departments with projects already being built are now particularly enthusiastic about it. The Prison Service, for example, is delighted with the quality and speed of getting new prisons through PFI compared with normal public sector procurement.

What do you see as the main causes of the problems and delays that have dogged the programme so far?
Some of the initial projects were not particularly well defined at the outline business case stage (the initial process of deciding whether a proposed project is likely to be suitable for PFI). Also, one should not underestimate what a dramatic

change in public sector service provision PFI represents. The whole focus has had to change from defining inputs to outputs. Basically, PFI delivery is about providing a service, not owning an asset. If you use private finance it is essential that there is some risk transfer to the supplier of the service and that has been difficult to negotiate.

Do you feel contracts are now emerging that can be used as examples for future deals?
We are beginning to develop some templates, although none of them are perfect. But with prisons or roads we certainly have some quite successful models emerging and others will follow.

Are you concerned about capacity constraints?
The problem with PFI is that we are trying to deliver 1,400 projects and there probably aren't 1,400 people in the country who have sufficient depth of knowledge about how PFI works to close a deal.

Contractors have withdrawn from some projects because they don't have the people resources or the financial resources to pursue them all.

It does suggest that the "let a thousand flowers bloom" approach may now be drawing to an end, although there are still difficulties with changing that because of the decentralisation of the process in areas such as health.

Could the problems in health be repeated in local government and education deals?
I think it will be less of a problem because authorities already have a lot of experience in public-private partnerships and are very keen to improve their capital stock.



'The PFI should be viewed as a portfolio of deals; in any portfolio there will be good decisions and poor decisions. That is the nature of PFI - both sides are learning how to transfer risk'

What do you see as the proper role of the Private Finance Panel?

It is sometimes said that the PFI has been a dialogue of the deaf between the public and private sector. I see the Panel as a hearing aid. We carry messages which may not be welcome to either side and try to help solve structural problems. We also ensure government is aware of private sector concerns.

What do you think of the suggestion that the Panel needs to be turned into a more powerful executive agency that can co-ordinate all PFI deals?
It is true that the Panel has no

powers other than persuasion and illumination but I question how you could change it. The idea is to get PFI accepted root and branch in the public sector.

But isn't there a problem with the lack of public sector expertise?
I accept that the private sector is frustrated because new people [on the public sector side] come into contracts and make the same mistakes as their predecessors. So I can see why the private sector thinks [giving more powers to the Panel] is a good idea. But the only way PFI will stick is if it comes to pervade the whole culture of government departments.

Many people see PFI projects of the future being driven by a new kind of company rather than today's contractor driven consortia. Do you think this is likely?

It is logical, necessary and inevitable that new infrastructure companies are created to manage PFI projects. Although many contractors want to recycle some equity, several are also already looking at longer term service provision themselves. The utility companies are also good candidates. It will take time though - five years is probably the minimum time scale for these companies to stand alone.

Do you feel there are still outstanding political problems around the issue of PFI?
The Labour Party has made it clear that PFI will stand. Basically there's no other game around. However we as a panel will do what the government asks us. Any changes will be to the government of the day to decide.

What have been the most important lessons so far?
In practical terms we now know we shouldn't advertise for tenders until the outline business case is really sewn up and we should then shortlist as few companies as possible. Both

these changes should help get a preferred bidder to contract more quickly. Also, there will always be some deals where the government ultimately does very well and some where the private sector does. The PFI should be viewed as a portfolio of deals; in any portfolio there will be good decisions and poor decisions. That is the nature of PFI - both sides are learning how to transfer risk. But while I am under no illusion that PFI has taken longer and been more complicated than expected I have no doubt at all that the overall value for money that the public sector ultimately gets out of it will be substantial.

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\$200 million office opportunity fund
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A19 DWU road supporting Autolink Consortium
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Over \$2 million of aggregate debt raised
CIBC Wood Gundy

The \$6-Tn toll road in China
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CIBC CCF

\$380 million Atlanta Airport
Advisor
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4 PRIVATE FINANCE INITIATIVE: LOCAL GOVERNMENT

Local government: by Alan Pike

Promoting partnerships

Projects have been identified and new rules should start the flow of deals

The introduction of PFI in local government has always had the appearance of an exercise in hard work.

It was acknowledged from the outset that the complexities of local government finance, and the relatively small scale of many of its potential projects, might be deterrents to private sector interest. Just as efforts to address these questions were in progress, the High Court added another serious hurdle.

The court decided in May that Credit Suisse could not recover £17m loans from Allerdale and Waltham Forest councils, because the two authorities had acted outside their powers in guaranteeing them. Although not directly connected with PFI, the timing of the judgments - only a month after the launch of

formal attempts to promote the initiative in local government - raised private sector apprehension about partnerships with councils.

But ministers hope that relaxations in local authority capital finance rules, due to be introduced this autumn, will become the starting point for a substantial flow of PFI deals. The new rules are intended to make PFI more attractive to local authorities because appropriate projects will no longer count as a charge against their capital resources.

Councils throughout the country have identified a variety of potential PFI projects - ranging, says Paul Bryans, chief executive of local government's Public Private Partnerships Programme (4Ps), from information technology to crematoria. But he does not expect many of these to move beyond the ideas stage until the new regulations have become established.

"Local authorities and the private sector are waking up

to PFI opportunities, but getting suitable regulations in place is going to be the driver for completed deals," he said.

There are two fundamental local authority concerns - that PFI should remain voluntary, and that projects should be treated as additional items to councils' tightly-controlled budgets. Local authority representatives have told the government that the spirit of PFI schemes being additional items must be reflected in the annual capping arrangements under which the government limits the total expenditure of each council.

4Ps was set up by the local authority associations earlier this year to promote PFI and other public-private partnerships. This week, 4Ps' staff embarked on a nationwide series of presentations to promote the initiative among councils and widen understanding of potential opportunities.

In addition to raising interest in PFI among councillors and officers, the unit



Not always small scale: highways will yield big schemes for local authorities who are responsible for most road, bridge and tunnel maintenance

has to find ways of smoothing the private sector's path towards completing deals with local authorities. It is currently developing pathfinder projects built around common structures, using standard documentation as far as possible.

This should, says Mr Bryans, help private sector partners assemble portfolios

of smaller projects. He rejects the conventional wisdom that most local government PFI ideas will be small-scale, and by implication perhaps of less interest to the private sector than schemes promoted by Whitehall departments.

"Local government will have its share of very big schemes," he said. "It is

local authorities, rather than the Highways Agency, that are responsible for most road maintenance and for maintaining many bridges and tunnels - so highways will yield big schemes.

"District heating schemes, enabling the private sector to supply and maintain central heating systems to large numbers of homes, also have

the potential to produce big projects.

"But not all local authority PFI schemes need to be big. There are many smaller companies, which could not bid for very large projects, that currently do a great deal of work for local authorities. We need to get the message through that PFI can be for them as well."

Bryans and his colleagues are looking at ways of linking smaller projects together to create suitably-sized PFI packages.

A single PFI contract could, for example, harness private sector resources to refurbish and maintain a group of school buildings - most obviously within one local authority area, but perhaps eventually involving several councils.

If the complicated and rule-bound local government finance structures are a pos-

sible barrier to private sector interest, politics may be another. During the lifetime of a typical PFI scheme, the control of some closely-balanced councils might pass between the political parties several times. Potential private sector partners could regard this as introducing an additional element of uncertainty to PFI in local government.

Mr Bryans does not accept that the political composition of a council will influence its attitude to PFI. "Since 4Ps was set up, we have discussed proposals for schemes with councils of all shades of political control. When a council approaches me with an idea, it does not occur to me to wonder which party controls it. All councils share a common interest in providing high quality services. If PFI can help do this, they will be interested."

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Local authority finance

Using carrot and stick

Sweeping new regulations aim to encourage councils to participate in PFI

New regulations which come into force on October 31 are the most sweeping of a series of recent government attempts to clarify local authority capital finance rules.

David Curry, local government minister, believes they will clear the way for councils to take up PFI. "We intend to give local authorities all the support they need, with experts from government departments ready to work with them to ensure the delivery of practical schemes," he says.

The new regulations address most of the issues that local authority representatives told ministers must be resolved to make PFI viable in the sector.

Provided PFI contracts transfer a sufficient amount of risk to private contractors, they will not count against councils' capital resources.

To qualify, contracts will have to provide for a contractor's payments to be reduced to 80 per cent of normal if service falls below expectations. Ministers had originally proposed a 70 per cent level but will make more schemes eligible.

Under the new regulations, PFI contracts will be able to involve either lump sum payments by local authorities to contractors, or revenue sharing agreements.

The government will have power to approve, on a discretionary basis, projects which fail to meet the precise criteria for local government PFI schemes.

There will also be discretion for the government to approve schemes which include input from local authorities' own direct service organisations. This could be a significant factor in persuading some councils, anxious not to put the viability of their in-house services at risk, to adopt PFI. It

might mean, for example, a direct service organisation being contracted to maintain buildings transferred to the private sector under a PFI contract.

Mr Curry has said revenue payments to finance PFI schemes will not be covered by the rules under which local authorities' total budgets are capped by the government - meaning such schemes can be treated as additional to current spending.

This has been welcomed by council leaders, although they remain concerned that the principle is one that might not permanently survive the annual allocation of government grants to local authorities.

Ministers intend to make revenue support of 950m this year and £200m next year available to help get PFI started in local government.

The development of PFI in local government depends on the willingness of councils to participate. Local authorities, unlike central government departments and agencies, are under no obligation to consider PFI as an option when planning capital projects.

But current tight government controls on conventional capital spending will be a powerful incentive for councils to consider partnerships with the private sector.

Mr Curry has said that schools, police stations, fire stations and roads are all examples of local authority investments that the government regards as suitable for PFI.

Outside the specific requirements of the capital finance regulations, individual councils will retain considerable flexibility in determining the shape of PFI schemes - something which should appeal to potential private sector partners. Substantial issues, such as determining whether the public or private partner owns a capital asset at the end of a contract, will be determined in the local level contract negotiations.

Alan Pike

Government revenue support for local authority PFI		
	1996-97	1997-98
Transport	5	35
Education	15	35
Police, fire and probation	14	45
Social services	2	5
Magistrates' courts	2	20
Non-HRA housing	2	30
Other services	10	30
Total England	50	200

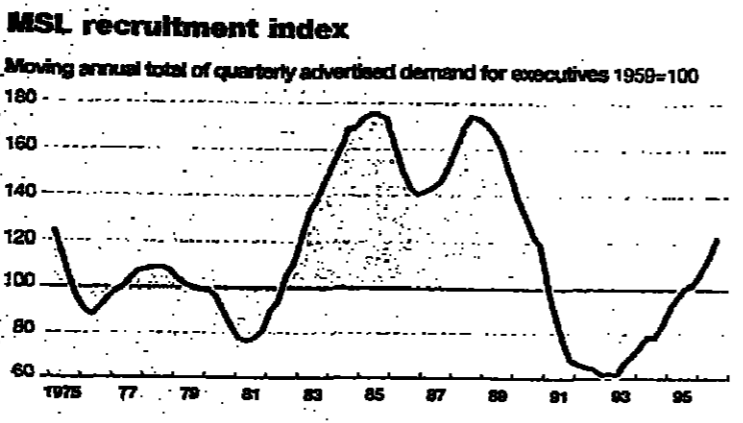
Source: Department of the Environment

مركز العمل التجاري

RECRUITMENT

The rise may foreshadow problems, says Richard Donkin Demand quickens

A steady rise in advertising demand for executives from a low point in 1993 appears to be quickening, according to the latest quarterly figures from MSL, the human resources group.



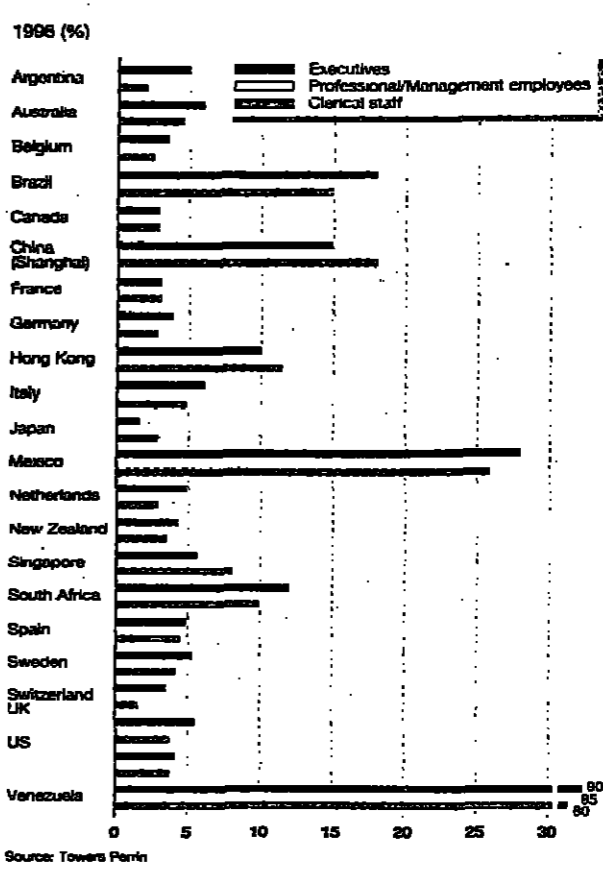
other functions within companies," says Gary Long, MSL Group chairman. But Long warns that the figures foreshadow some recruitment problems.

Across the global remuneration gap

The "fat cat" debate about the pay packets of top executives which captures the headlines in the UK has never reached the same intensity in the US.

Kong and Singapore (both 38). In Europe, the UK multiple of 19 is the highest among the countries listed, ahead of Italy (17), France (16), Spain (15), Germany (11) and Switzerland (10).

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SBC Warburg is established as an integral global player, a world leader in investment banking. We are seeking to recruit an Italian speaking Credit Analyst with around three years' experience of analysing Italian/European corporates and insurance companies.

Ideally, you will have received formal credit training and have some knowledge of derivative products. We are looking for individuals who would welcome the chance to adopt a high profile and play a critical role in the business process.

In return you can look forward to an excellent remuneration package matched by equally excellent prospects for the future.

Based in London within a small, highly motivated team, you will undertake risk management for Capital Markets, Treasury and Corporate Finance. You will also liaise with counterparties and regulatory/professional bodies in relevant countries.

A CV including your current remuneration package should be sent to Ron Bradley, Director/Head of Permanent Recruitment, Jonathan Wren & Co. Ltd, Financial Recruitment Consultants, No. 1 New Street, London, EC2M 4TP (fax: 0171-626 5257) quoting reference P. Alternatively, telephone for an initial discussion on 0171-623 1266.

Corporate Finance Executives Institutional Sales/Research Private Client Stockbrokers

Branston & Gothard is an independent stockbroker with a private client and institutional sales and research department.

We also have a growing fund management and financial planning operation.

We now intend to expand both our corporate finance capability and our institutional sales and research department.

We are therefore looking for:

- Experienced small company analysts/sales people with successful institutional connections
 - Private client stockbrokers with established client banks for our London and Manchester Offices.
- Remuneration will include competitive salary, profit share, pension scheme, share options and private medical insurance.
- Please apply in writing with current CV to:**
Mr A R Craze, Chief Executive,
Branston & Gothard Limited,
3 Finsbury Square, London EC2A 1BX.

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APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

For further information please contact: Toby Finden-Crofts +44 0171 873 3456

FLEMINGS

PRIVATE CLIENT INVESTMENT MANAGER

London Competitive Salary

Due to rapid expansion, Fleming Private Asset Management is seeking to recruit an experienced Investment Manager to work with a Director responsible for managing substantial sums of money for private clients.

Duties will include managing client portfolios, preparing valuations and assisting the Director with his client base.

Candidates should have a thorough knowledge of the UK and International markets and should be computer literate.

A minimum of 5 years' experience in a Private Client Department and membership of the Securities Institute is desirable. Candidates should be self-motivated, confident in dealing with clients and have strong communication skills.

Please write, in the first instance, with full CV (including current salary details) to:

Shauna Browne
Senior Personnel Officer
Robert Fleming & Co. Ltd,
Finsbury Dials
20 Finsbury Street
London EC2Y 9AQ

Sales Management City of London

HSBC Investment Banking

Member HSBC Group

International M&A and Corporate Advisory

London Based

£ Excellent Package

The HSBC Group, with headquarters in London, is one of the world's largest banking and financial services organisations, with an international network of more than 3,300 offices. Unrivalled financial resources, global reach and contacts, ensure that the HSBC Group is ideally placed to develop further its pre-eminent position.

HSBC Investment Banking is responsible for the advice and financing, equity securities, asset management and private banking activities of the HSBC Group. The Corporate Finance and Advisory department encompasses corporate advisory, M&A and International ECM activities. We are now looking to recruit a number of outstanding specialists for our international transaction teams.

This is an exceptional opportunity for individuals to develop further their experience across a wide range of international transactions, including the origination, structuring and execution of mergers and acquisitions for quoted and unquoted companies, equity offerings and privatisations.

Successful candidates will be exposed to HSBC Investment Banking's growing international client base, working closely with its industry specialists and network of international offices in 40 countries worldwide.

Candidates of the highest quality are sought:

- Graduates with up to five years Corporate Advisory, M&A or ECM experience gained within a leading financial institution.

Exposure to a high profile range of transactions conducted on an international basis is essential.

- Fluency in a European language, in addition to English, is a distinct advantage.
- An excellent academic background and keen intellect. Mature, tenacious and energetic.
- An additional qualification such as an MBA would be advantageous.
- Team players with initiative, creativity and flair together with a high level of motivation and commitment.

Please send a full cv to: Stephen Grant, Morgan McKinley Associates, Ruskin House, 40/41 Museum Street, London WC1A 1LT. Tel: 0171 404 4100 Fax: 0171 404 4334.

Morgan McKinley Associates
Executive Recruitment



N M ROTHSCHILD & SONS LIMITED

Rothschilds is a leading international investment banking group with 40 offices in 27 countries worldwide. It is ranked first in M&A in the UK and second in France, Asia Pacific and South America. It is the leading Telecoms adviser worldwide and is a pre-eminent adviser to the international Natural Resource and Utilities industries.

Recent transactions include advising Deutsche Telekom on its global offering, Hanson on its 4-way demerger, Sun Alliance on its merger with Royal Insurance, the Lloyds of London restructuring, BT on its joint venture with CGE of France, Southern Water on its acquisition by ScottishPower, the CVRD privatisation in Brazil and the Collahuasi project financing in Chile.

The bank is significantly expanding its operations in UK and Continental European M&A, Natural Resources and Telecoms. It is recruiting additional professionals seeking a career in providing corporate advice to leading companies worldwide in all these areas. All positions are based in London and offer an excellent compensation package.

All applicants should have an excellent academic record, preferably a second language, a dynamic personality and be highly motivated.

M&A

The Role:

Providing corporate advice to companies in the UK and Continental Europe on intra and cross border acquisitions and disposals, capital raising, flotations, valuations and restructurings

Experience required:

- 1-5 years corporate finance experience with a leading investment bank, accountancy or law firm
- strong analytical and financial modelling skills

Natural Resources & Utilities

The Role:

Advising mining, oil & gas and energy utility companies worldwide on acquisitions and disposals, restructurings, and privatisations and project financings

Experience required:

- 2-5 years M&A and/or financing experience in either the mining, oil & gas or energy utility industries gained in a leading commercial or investment bank, legal, consulting or industry environment
- strong analytical and financial modelling skills

Telecoms

The Role:

Advising companies in the converging telecoms, media and computer services industries. Assignments will be worldwide and include acquisitions, disposals, joint-ventures, restructurings and privatisations

Experience required:

- 2-5 years experience with a leading investment bank, strategic consultancy or in the corporate development department of an industry participant
- 1-2 years minimum relevant sector experience
- strong analytical and financial modelling skills

Write in strictest confidence with a copy of your CV, indicating your current remuneration, to Rodney Lonsdale, Personnel Director, N M Rothschild & Sons Limited, New Court, St. Swithin's Lane, London EC4P 4DU

Six figure package



London

Head of Tax/Estates Planning

These two senior opportunities with Coutts, the international private banking division of the NatWest Group, underline Coutts' commitment to deliver wealth management to its substantial client base. A top quality tax and estates planning advisory service is at the heart of this new client-driven strategy. Significant freedom and scope exist to build sizeable professional resources from small but solid bases with the potential to develop into major business streams.

THE ROLE

- Responsible for leading, building and managing a specialist tax or estates planning practice providing the full spectrum of domestic advice to clients from tax planning through to compliance and from trusts through to wills.
- Gain internal and external recognition as the in-house expert at the head of a highly professional and technically excellent product development team.
- Market these services in conjunction with client management teams, working together to exploit client opportunities and product synergies.

THE QUALIFICATIONS

- Partner in either private client tax or estates planning with a leading accountancy firm or law firm with outstanding technical and professional skills and a track record which demonstrates management ability.
- Entrepreneurial and commercially minded self-starter with an outgoing personality and the vision, commitment and ambition to build a business.
- A team leader as well as a team player who can work effectively and build consensus in a complex matrix structure.

Leeds 0113 2307774
London 0171 493 1238
Manchester 0161 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. XL/P011004,
16 Connaught Place,
London W2 2DG



Glasgow

£50,000 + bonus + benefits

Compliance Officer

Britannia Life was one of the earliest and is now one of the largest bancassurers in the UK with funds under management of more than £4 billion. With an exceptional record of growth, multi-channel distribution and a significant investment in new systems under way, the company is superbly positioned to continue taking market share in an increasingly competitive sector. An experienced compliance professional is now sought to play an active role in sustaining rigorous standards of regulatory compliance throughout the business.

THE ROLE

- Reporting to the MD and to the Board, and working closely with the senior management team to ensure that products, procedures and operations are fully compliant.
- Provide innovative, practical solutions to complex compliance issues that still allow for commercial success.
- Close liaison with regulators to maintain the highest possible awareness of current and likely future regulatory obligations.

THE QUALIFICATIONS

- Graduate calibre with an appropriate professional qualification. Prior experience in a senior compliance role within another financial services organisation.
- Articulate, confident communicator with the ability to interpret and explain complex rules unambiguously at all levels of the business.
- Proactive, enthusiastic and focused. Strong on attention to detail yet with the ability to take a broad overview.

Leeds 0113 2307774
London 0171 493 1238
Manchester 0161 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. P20101004,
Aldingham Court, Greenacres Business Park,
Spald Road, Manchester M22 5LQ

BUSINESS CONSULTANCY

CAREER OPPORTUNITIES WITH A GLOBAL UNIVERSAL BANK

This institution is one of the world's largest and most powerful universal banks. It provides clients with the widest possible range of investment, capital market, commercial banking and retail services.

Candidates are likely to be working for a leading banking institution or consulting firm and able to demonstrate a successful track record of actively managing highly complex projects and delivering innovative yet pragmatic solutions.

Business Consultants will have proven, exceptional communication skills at senior management level as well as the ability to provide leadership to multi-disciplined teams and to act autonomously on projects.

A good understanding of the operations processes of an investment and

commercial bank, along with a detailed grasp of at least one product area - for example Treasuries, Commodities etc - is essential.

Listing with heads of business areas and the other senior management, this individual will utilise both internal and external resources to deliver a broad range of project solutions.

The team provides assistance throughout the bank on areas such as performance analysis and operational improvement, management and implementation of change projects and programmes and organisational reviews. You will also carry out benchmarking studies, new business planning and all aspects of operational risks.

The goal of this team of internal consultants is to make a recognisable

contribution to the structures of both the domestic and the international organisations of the bank. Business Process Re-engineering is one of the major re-structuring tools employed.

The company offers a performance oriented salary package and a variety of internal and external training programmes as well as long-term career development opportunities.

Interested candidates should contact contact **Richard Parnell**, or **James Rust** at **Robert Walters Associates** by sending a detailed curriculum vitae stating current remuneration to **25 Bedford Street, London WC2E 9HP** or faxing details for their attention on **0171 915 8714**.

E-mail: richard.parnell@robertwalters.com

ROBERT WALTERS ASSOCIATES



L O N D O N W I N D S O R N E W Y O R K A N S T E R D A M B R U S S E L S A Y D N E Y W E L L I N G T O N

هكزا من العنبر

EMERGING MARKETS

Business Development and Sales Executive

London

FRAMLINGTON is a highly respected investment company with global emerging market capabilities...

Framlington wish to appoint a sales and marketing executive to head up the development of this aspect of the company's business...

It is essential that the individual has experience in the field of emerging markets, preferably in eastern Europe...

Remuneration will include a highly competitive package of basic salary and bonus together with excellent benefits...



GREYCOAT PLACEMENT

Reliability, good references and experience are the hallmarks of our domestic staff...

INTERNATIONAL FINANCE

We are seeking an experienced placing agent to market and sell a U.S. \$600 million new issue 144A Private Placement Offering...

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N. American Equities

London

Competitive Package

Legal & General Investment Management is one of the UK's leading fund management houses.

This position will provide an opportunity to share responsibility for the management of the active N. American Equity portfolios of Legal and General.

You will be managing dedicated funds, be responsible for selecting stocks within specified sectors and participate in asset allocation.

You must have at least four years' experience of investing in this area and be dedicated to good, sustainable performance.

The position offers a competitive remuneration package commensurate with experience.

Please send your CV and current remuneration details to: John Armstrong, Human Resources Consultant...



Legal & General is an Equal Opportunities Employer.

BZW

Commensurate with position

City

BZW is a leading UK based investment bank operating around the world. We are one of the leading players at the forefront of the derivatives business...

Junior Systems Developer/Support: Junior developer required to support the day to day running of an interest-rate exotic trading desk...

Senior Systems Developer: Senior analyst/developer required to improve and enhance a front-office exotic interest-rate trading and risk management system...

Middle Office Support/Systems Developer: Responsible and ensure correct reporting to support the regulatory reporting requirements in the middle office for an exotic interest-rate trading group...

Please send full CV to: Michelle Beahm, BZW, Treasury Products, 1st Floor, Abbey House, 1 Royal Mint Court, London EC2M 2JH...

FINANCIAL MANAGER

An investment Company in Doha - Qatar - Arabian Gulf is looking for a manager with the following qualifications:

- Minimum ten years experience leading to a senior position in an investment company
Skills in financial analysis
Good understanding of financial and capital markets

Excellent salary package is offered to the successful candidate.

Interested? Fax your full CV to: Group Investment, Personnel Manager Tel: 00974 444 444 Fax: 00974 445 474

INTERNATIONAL TRADE FINANCE

Due to a clear commitment to International Trade Finance in the Emerging Markets, this established European Bank requires an additional specialist in executing and structuring complex deals...

You will be a fully credit trained Corporate Banker currently working in a Bank or Leading Commodity House who is looking for a decisive career step in management...

For further details please call Mike Blandford Jones on: 0171 430 2355



Staple Inn Buildings (North) High Holborn London WC1V 7PZ Fax: 0171 404 6275

EMPLOYMENT OPPORTUNITY IN ATHENS

Financial office requires for their forex department the following positions:

- Two dealers with minimum 8 to 10 years experience with dealing rooms in banks or securities house
Two traders (3 to 5 years experience) Forex spot market

Attractive terms and conditions. Fax résumé in confidence to +30-1-896-2867, Attention Mr. C.E. Dante

INTERNATIONAL M&A

A leading mid-market international M&A advisory firm with a world-wide presence is seeking entrepreneurial professionals...

Please send resume in confidence to Box AS719, Financial Times, One Southwark Bridge, London SE1 9HL

Arbitrage Trading Group

sinks Bond Futures Arbitrage Traders for Life floor. Life floor futures trading experience a must.

Applicants should call Julie at (171) 329-0428 or fax resume to (171) 329 0425

APPOINTMENTS WANTED

Anglo-Swiss Banker Geneva Based

Extensive experience of International & Offshore credit & investment, including ship finance in Europe, Africa & the Caribbean available for long or short term assignments.

Chartered Accountant & Barrister

Highly computer literate: late thirties; Licensed Insolvency Practitioner; substantial commercial experience in corporate/distress finance...

EQUITY DERIVATIVES EXPERTISE

15 years senior executive experience covering all equity derivatives products. Track record of setting up equity derivative businesses for major houses...

INVESTMENT BANKING. FROM A TO Z

A Geneva based organization with oil, shipping and banking interests has an immediate opening for a

CHIEF FINANCIAL OFFICER

with the following qualifications:

- at least 10 years of international experience with a large corporation or a bank,
ability to lead and organize the financial reporting of the consolidated group and/or divisions,
the ability to coordinate certain bank relations for the holding company plus the related companies as regards trade financing,

The candidate will also be called upon to participate in some internal audit functions. To assume these responsibilities, the candidate should have:

- strong financial statement analysis skills,
knowledge of audit procedures,
good command of spoken and written English,
proven track record in negotiating with Banks.

Please send your cv to Box A5717, Financial Times, One Southwark Bridge, London SE1 9HL.

DERIVATIVES ARBITRAGE TRADER CITY

Our client, a leading Investment Bank, is seeking to recruit an experienced Derivatives Arbitrage Trader.

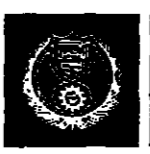
The successful candidate will have 2-4 years market experience of major currencies, as well as an excellent understanding and rare acumen in trading in derivatives products.

An excellent knowledge of financial economies will also be a distinct advantage.

- Duties include the following:
Risk management and trading of arbitrage positions including both derivatives and securities.
Running risk position and monitoring closely.
Running multicurrency risk and hedging accordingly.

Please reply to Box No. A5718 The Financial Times, 1 Southwark Bridge, London SE1 9HZ enclosing a full Curriculum Vitae.

National Bank of Bahrain



بنك البحرين الوطني

National Bank of Bahrain is a leading commercial bank based in Bahrain with assets over US\$2 billion. The bank's results have been impressive...

To further strengthen the high calibre of the Treasury & Capital Markets team, NBB invites applications for:

SENIOR FX SPOT/DERIVATIVES TRADER

Major responsibilities

- Trade FX spot, forward, futures and options with particular emphasis on derivatives.
Develop and market a wider scope of treasury products as required by the bank and its clients.

Position requirements

- Minimum of 5 years experience in a highly competitive FX trading environment, in a major financial centre.
Successful track record and extensive knowledge of FX markets, particularly in trading G3 currencies.
Well developed skills in Exchange trading, Margin trading, etc. are essential.

NBB offers a competitive remuneration with excellent compensation and benefits. Qualified candidates should forward their C.V., including salary history, preferably within two weeks, to:

AGM, Corporate Services National Bank of Bahrain, P.O. Box 106, Manama, Bahrain.

European/Emerging Markets Sales Executives

Technimetrics, Inc.

A Knight-Ridder Company

Technimetrics, Inc. is the leading financial database and consultancy company serving the investor relations and stockbroking communities worldwide. We are currently looking for dynamic sales people to join our international team based in London...

The Personnel Department Technimetrics, Inc., 84 Newman Street, London W1P 3LD

THE FUJI BANK, LIMITED

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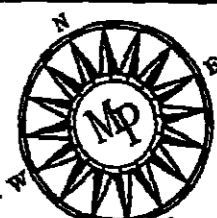
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英語、日本語が堪能な方。

履歴書(英語)送付先 Clare Woodcock Personnel Department The Fuji Bank, London 7-11, Finsbury Circus, London EC2M 7DH



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ACCOUNTANCY APPOINTMENTS

Group Finance Manager
Public Company

Central London - To £50,000 + car + benefits

- Established as one of the UK's leading restaurant groups, our client, a fully listed public company, forecasts continuing, rapid expansion.
- To support an acquisition driven strategy, the Board has decided to appoint a dynamic, commercial Group Finance Manager capable of delivering quality service within a results driven environment.
- Reporting to the Finance Director your responsibilities will include managing the reporting and analysis of overall business performance, budgeting, forecasting, taxation and company secretarial matters. In addition, you will be instrumental in both developing and improving all reporting systems, and in enhancing the accounting team in line with the organisation's business plans.
- The successful candidate will be an energetic qualified accountant with strong technical and commercial accounting skills gained in a fast moving, entrepreneurial environment. You will be a committed team player with an outgoing personality and the requisite adaptability and credibility to inspire employee confidence at all levels. This role would suit an ambitious professional looking to succeed within a performance oriented organisation.

Please write outlining your suitability for the position, enclosing a cv with current remuneration details to Richard Pooley at Ernst & Young Management Resourcing, Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 3NH, fax: 0171-931 1022, ref: RP00088.

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INTERNATIONAL TAX ADVISER
Chemicals Business

London £ Attractive Package

The Royal Dutch/Shell Group of Companies is Europe's largest multi-national group. The Chemicals Businesses within the Group have a turnover of £9 billion. As a result of increasing activity in investment projects, joint ventures and corporate restructuring a position has been created for an international tax adviser.

The role reports to the Chemicals Tax Manager and the appointee will work alongside two other international tax advisers. The primary responsibility will be to provide advice on tax and corporate structure issues for international projects, joint ventures and business transactions.

The successful candidate will have attained the appropriate level of seniority. The role demands a commercial mind, good negotiating skills and an ability to communicate well with operational management.

It is expected that the successful candidate will have extensive experience in an international tax environment and will have shown good career progression to date. The appointee is likely to be in

Shell can offer excellent career prospects, both in the UK and overseas, along with a comprehensive and highly competitive remuneration package in line with the challenge of the role. Relocation assistance is available where necessary.

For further information and to make your application, please contact our recruitment adviser, Paul Tamton, at Harrison Willis, Cardinal House, 39/40 Albemarle Street, London W1X 4ND, or telephone 0171 629 4463 (evenings and weekends 0181 940 3842). Fax: 0171 344 0361. E-mail: hwgroup@hwgroup.co.uk

HARRISON WILLIS
FINANCIAL RECRUITMENT CONSULTANTS



CAREER OPPORTUNITY IN KUWAIT

General Manager - Financial Services

Alghanim Industries, a leading and dynamic Kuwaiti trading conglomerate, with significant global interests, is seeking to engage a talented professional to lead a wholly-owned subsidiary which has a substantial Consumer and Trade Finance Portfolio.

The group now plans to substantially expand its activities to provide a full range of financial services which have a high potential profitability.

Reporting to the Executive Vice President and Chief Financial Officer, your role will involve defining critical success factors which will enable you to identify, develop and establish profitable new services and ventures. As well as the day to day management of the company, you will also play a major role in assessing the potential of the Kuwait market by comprehensive analysis of economic trends, both internationally and within the Middle East. You will, in addition personally control the consumer and trade credit functions, reviewing the effectiveness of the company's credit policy and ensuring adherence to sound risk management practices.

You will ideally have gained extensive, broad-ranging experience in a financial services environment, covering Portfolio Investment, Leasing, Consumer Finance and Insurance operations. Strong communication and people management skills are important, as is the ability to work under pressure and to tight deadlines.

The position requires a mature individual who is motivated, imaginative and persuasive, with an entrepreneurial approach in order to take advantage of the potential for considerable business growth.

Broad experience of international and Middle East financial service practice and relevant academic qualifications are highly desirable. You will enjoy an attractive tax free salary and a package which includes excellent performance related bonus, generous housing, life and medical insurance, paid holidays and air fares and transportation allowance.

If you match the requirements for this challenging position, please fax your detailed CV, in confidence to:

Director of Human Resources
Fax No. (00965) 4847244.



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Toby Finden-Crofts
on +44 171 873 3456

ACCOUNTANCY APPOINTMENTS

FINANCIAL CONTROLLER

Ukraine based Excellent Package

THE COMPANY

This major multinational FMCG company is well known for its high profile throughout Eastern Europe. This sophisticated managerial approach combined with considerable strategic investments throughout the region and an attractive portfolio of premium and local brands have made them one of the market leaders in this challenging region. Ongoing concentration on the Emerging Markets of the World will lead to further growth and your success in this phase of their development will ultimately result in further exceptional international career opportunities.

THE ROLE

For its operations in the Ukraine our client is now looking for a Financial Controller. You will lead a dedicated local team and manage all aspects of Internal Reporting, Financial Planning and Budgeting on a day to day basis. You will be responsible for the financial planning and control of the entire production unit enhancing the companies manufacturing and sales operation, as well as the quality of information affecting the management decision making process. In all aspects of the challenging position you will be actively supported by the senior management of the holding company in Kiev where you will also report to.

THE PROFILE

Your skills will combine all aspects of accounting including financial management, that ideally will have been gained in a production environment. You will have the ability to speak fluently in Russian and English. Experience will have been gained in managing local finance teams in an emerging markets environment. Common sense and the ability to prioritise will be a major quality of your personality. Excellent computer skills are a prerequisite for this post. You will take a hands-on approach to management and be able to adapt to the challenging conditions of this fascinating but demanding environment.

Please send a full résumé with a covering letter to the address/fax below quoting reference FT 3025 on all correspondence. Applications will be treated in the strictest confidence.

Antal International, Shropshire House, 1 Capper Street, London WC1E 6JA. Fax no 0171-637 0949.



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Finance Director

International Joint Venture

Very Attractive Expatriate Package Saudi Arabia

Pivotal role at the centre of prestige high tech project to establish a state of the art industrial facility for a consortium of major, blue chip companies.

THE POSITION

- Responsible to the Board for all financial and administrative functions in the start-up business. Ensuring optimal systems and procedures from the outset.
- Initial emphasis on working with consultants and joint venture colleagues to finalise detailed business plan to the satisfaction of equity partners, funding bodies and banks.
- Creating and leading all financial reporting and controllership systems within the company. Imposing highest standard of financial management and practice.
- One year renewable contract. Accompanied expatriate status.

THE CANDIDATE

- Bright, determined and resourceful qualified Accountant or MBA. Demonstrable track record in international JVs and strategic/business planning.
- Broad-based financial management experience. Familiar with complex manufacturing and service environment.
- Mature and diplomatic leader with drive and excellent man, management, staff development and motivational skills. Proven negotiating and commercial acumen.
- Ideally an Arabic speaker with cultural empathy for Saudi Arabian Society.

Please reply in writing quoting reference number B329 and giving full salary details and enclosing a copy of your CV to the address below:

International Executive Search & Selection.



Hanover Fox International, 2440 The Quadrant, Aztec West, Bristol BS12 4QX, United Kingdom
Tel +44 (0) 1454 878402
Fax +44 (0) 1454 878602

Management Consultancy • Corporate Finance • Internal Audit

Which one grew 260% last year? Right third time.

You might be surprised that the business in question is Internal Audit Services at Ernst & Young. It's our fastest growing practice area and we're confident that even greater market potential exists for a service which is both unique and highly innovative.

You may be even more surprised to discover how similar Internal Audit Services is to a management consultancy practice. We can offer all the variety of assignments and clients, the intellectual challenge and opportunity to make a

positive impact by providing solutions which truly benefit our clients' business and profitability.

This is no ordinary internal audit. At Ernst & Young, our unique approach to internal audit and risk management has produced spectacular business growth and exceptional career prospects for ambitious professionals. We aim to add real value to our clients' businesses through proactive partnerships that share both risk and reward. It's a highly successful formula, and we're

confident that even greater market potential exists in this field.

This is no soft option or career backwater. We are looking for people with the energy, personality and initiative to drive the commercial development of a dynamic and thriving practice area, both in the UK and internationally. We're interested in candidates at all levels across the UK. Salary packages will range from £30,000 to six figure packages depending on your experience, skills and location. You may be

in management consultancy, in industry or with the audit practice of a leading firm, but in any case you must be looking for something challenging and different, involving high levels of client responsibility and business exposure.

To find out more, contact our advising consultants Matt Leedham or Steve Blair on 0171 831 2000 or write to them enclosing a full CV at Michael Page Finance, House, 39-41 Parker Street, London WC2B 5LH. Fax: 0171 831 6662.



هكزان النجفيل



FINANCIAL ANALYST

Frankfurt or Basingstoke Excellent Package

De La Rue plc is the largest commercial banknote and security printing company in the world. Following an internal promotion within one of their key operating divisions, an opportunity of unparalleled potential now exists for a highly motivated fast track finance professional. Working within a technologically advanced business unit, specific responsibilities encompass the German subsidiary based in Frankfurt.

THE COMPANY

- Autonomous operating division of this major blue chip plc
- Leading provider of banking equipment to German financial institutions
- Significant client base; customer orientated approach
- Dynamic and entrepreneurial environment
- Highly profitable; huge growth potential
- Creative and innovative; at the forefront of specialist systems design

THE PERSON

- Commercially minded finance professional; aged 30 - 36
- Internationally recognised accounting qualification
- Proven track record of commercial analysis within a manufacturing organisation
- Conversational English and German
- Knowledge of UK/German GAAP
- Value added approach
- Management presence; strong influencing skills

THE ROLE

- Direct reporting to the Divisional Financial Director
- Pivotal role between finance and operations
- Commercial analysis of business performance
- Capital appraisal and financial review
- Budgeting and cash flow forecasting
- Enhancement of existing internal systems

This role attracts a high basic salary, good bonus, car and relocation assistance if necessary. If you would like to discuss this outstanding opportunity please contact our advising consultants Sharmila Sharon Parekh or James Heath at Executive Match on 44 171 872 5544, or fax your CV quoting ref. F/480 to:

EXECUTIVE MATCH
1 Northumberland Avenue,
Trafalgar Square,
London WC2N 5BW.
Fax 44 171 753 2745



It doesn't get much better than this Finance Director

West London

c £45,000 + Equity Options

'Phenomenal' is one way to describe our client's success over the past six years. From nothing, this company has established itself as the market leader in its specialist retail field, with over 30 quality retail outlets throughout the UK and Ireland. The company's success has been based primarily upon its rapid attainment of a nationwide retail presence and brand; the quality and value of its exclusively developed products; the standard and innovation of its merchandising and lifestyle marketing and real visionary leadership.

This is only the beginning. Having developed the business to this point, the Board is now looking to implement a new executive team to take the company into the next millennium. The prospects for the future

are no less impressive than the company's success to date and could ultimately involve the company's flotation.

The new post of Finance Director is to play a key part in this three strong management team. Your brief will be to provide clear and incisive financial leadership and to help develop the commercial management of the business. Probably from a retail background, you will have the technical ability to master a commercial finance function yet the entrepreneurial skill to see beyond the figures and create business opportunities.

If you are looking for a chance to use your business acumen and flair in a fast growing, successful business with the opportunity of equity share and a real future...then it doesn't get much better than this.

If you believe you are up to the challenge, then send your CV to Keith McCambridge at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH or call him on 0171 269 2296 for more information.



Michael Page Finance

Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Nottingham St Albans & Worldwide



Business Development Accountant

Croydon

£35k-£40k + Car + Benefits

Nestlé is the world's largest branded food manufacturer, employing 200,000 people and selling a wide range of products worldwide. The Group's success is based on a commitment to invest heavily in research and development combined with some of the most enterprising marketing activity around. Brands such as Nescafé, Kit Kat, Quality Street, Perrier, Crosse & Blackwell, Lyons Maid and Findus make Nestlé part of the life of millions of people around the world.

Within the UK, Nestlé has operations in 23 locations and total sales in excess of £1.7bn. Headquartered in Croydon, it has four main trading divisions and two further businesses which focus closely on their own particularly markets. As a result of an internal promotion, the business is now looking for a high calibre accountant to join the Business Development and Analysis Team.

Reporting directly to the Business Development Manager, the successful candidate will work as part of this small, multi-disciplined consultancy team which provides high profile analyses, recommendations and support on a range of strategic issues across the business. Specifically, responsibilities will include:

- evaluation of key issues and opportunities facing the business
- provision of competitor, industry and economic analyses and comment to the business
- identifying and executing acquisitions and disposals
- leading and motivating up to six individuals during certain assignments.

A qualified accountant, you will have gained an impressive record of two to four years' post qualification experience. This will have been gained either in a substantial industrial based organisation or within a number of departments within a leading firm of Chartered Accountants. In either case, your success to date stems from an open minded, commercially oriented approach. You are committed, energetic, tenacious and capable of working in an environment that is characterised by a competitive, forward thinking culture.

An attractive package and the potential to develop an outstanding career in a global meritocracy and leading FMCG "player" complete the opportunity.

Interested candidates should apply to our advising consultant Jonathan Jones of Jones Christopher, enclosing a full curriculum vitae and remuneration details. Please quote JJ2721 on all correspondence.

Note: Any CVs submitted directly to Nestlé UK Ltd will be forwarded to Jones Christopher.

JONES • CHRISTOPHER

FINANCIAL RECRUITMENT CONSULTANTS

Jones Christopher, 4th Floor, Linen Hall, 162-168 Regent Street, London W1R 5TB. Tel: 0171 306 3202. Fax: 0171 734 6280.

NESCAFÉ



BUSINESS AND TECHNOLOGY REVIEW

Fast Changing Financial Services Group

London

c.£40,000 + bens

With an impressive record of success, our client's operating profit has more than doubled in the last four years, matched by a consistent growth in share price and dividends. Staying at the forefront of a rapidly changing environment, the group continues to grow organically, through acquisitions and by moving into new markets. Building on its reputation as a leading life insurer, our client's interests also include unit trusts, fund management and, most recently, retail banking.

The group's London-based operational review team provides a worldwide resource for all business units. Following a promotion to a line management role, the team needs to strengthen its ability to manage and implement business-focused reviews, with a particular emphasis on IT. The successful application and integration of new technologies is central to the group's continued growth. The team therefore requires an additional member able to act as an objective advisor, taking responsibility for entire projects, from establishing initial scope through to presentation of the final report. This is a key role in the team, with the emphasis on improving process efficiency and client service.

The successful applicant will work with colleagues from diverse international business units, presenting recommendations to senior management. Excellent interpersonal skills are therefore of prime importance. Candidates are most likely to be qualified ACAs, but could also come from a systems background. A minimum of one year's IT audit or consulting experience, with exposure to networks and open systems, is essential; experience of financial audit and of the financial services sector will be an advantage.

With an attractive range of benefits and a strong commitment to training and development, prospects within the group are excellent. Recent promotions from the team include moves into strategy, line management and operations, in the UK and overseas.

Interested applicants should post or fax a full CV quoting ref 181 to the address/fax number below. For more information contact us on 0171 242 9191 or alternatively during the weekends and out of office hours on 01206 262474.



SEARCH & SELECTION

95 PRETZER LANE, LONDON BC6A 3EP TEL: 0171-242 9191 FAX: 0171-242 3560

Mobile Global Communications Regional Technical Managers

Global Locations

Excellent Package

ICO Global Communications (ICO) was established in January 1995 as a private company to provide satellite-enabled personal mobile global communications services. The company will commence full commercial service in the year 2000.

In order for the ICO business strategy to be achieved agreement must be reached with the national telecommunications regulatory body in each country. As Regional Technical Manager operating from one of ICO's Regional Offices you will:

- manage the country by country negotiations relating to spectrum management, frequency co-ordination, standards and radio regulatory matters.
- provide the Regional General Manager and ICO Franchisees with technical assistance where appropriate.
- act as the local liaison point between ICO Global HQ and the regional Satellite Access Node operator.

You will operate as a key member of the Regional General Managers team, whilst reporting functionally to the ICO corporate regulatory function. The position will also require liaison with numerous external bodies as well as internal functions within ICO.

A professional and technically qualified individual, with a high level of personal credibility is sought for this key position. You must be fully conversant with the local/regional requirements for type approval of mobile radio equipment as well as working knowledge of fixed satellite earth functions and interconnection to the PSTN. Fluent command of both English and a relevant regional language is essential.

In return, you will be rewarded with an excellent remuneration package as well as relocation assistance.

To apply, please send your CV, including a covering letter detailing how you match the job profile and quoting salary details to:

Ref FT,
The Recruitment Manager,
ICO Global Communications,
1 Queen Caroline Street,
Hammersmith, London W6 9BN.
Fax: 0181 563 7872.
Email: recruit@ico.co.uk

ICO is an equal opportunity employer.



Finance Director Branded Retailing

London : up to £70,000 + Car

This privately owned and profitable business is a leading supplier into a UK retail market which is represented both in the High Street and in the growing 'factory outlet' sector.

The company retails a number of well known brands in the UK and is poised for international expansion. This board appointment calls for a younger, qualified accountant who has already run a disciplined function in a very commercial, retail-linked environment. Systems involvement will have been very strong; acquisition and MBO experience would be useful as would exposure to the management of a brand. The rewards package will be fully comprehensive, including relocation assistance, and will be enhanced by the opportunity to shape the success of this dynamic young company. Please reply, in confidence, with full career details to Stuart Macintyre, as adviser to the company, at Thomson Partners Ltd., 1-11 Hay Hill, Berkeley Square, London W1X 7LF.

Thomson Partners
Search and Selection



Group Management Accountant

To £35,000 + benefits + relocation

Our client is a leading international human resourcing and consultancy group. Already major players in a number of markets, they are now poised for strong sustained expansion.

In order to manage this growth effectively, they have created a new role, reporting to the Group Finance Director, for an ambitious, computer literate management accountant. You will be responsible for developing a fully integrated multi-site financial and management reporting system, and co-ordinating and preparing strategic business plans and annual budgets.

You will be a graduate qualified accountant with at least two years' commercial experience and outstanding analytical, communication and influencing skills.

This is a superb opportunity to take significant senior responsibility and guide a growing business at a key stage in its development.

To apply, please send your CV and current salary details with a covering letter, quoting reference C2083 on the envelope, to: The Response Centre, TCS Advertising, 35 Garway Road, London W2 4QF.

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ADVERTISING**

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The EIB, the financial institution of the European Union, with a yearly lending programme of some 20 billion ECU and its parallel borrowing programme, is currently seeking for its headquarters in Luxembourg a (m/f)

Head, Internal Audit Division

European Investment Bank

A career in the heart of Europe



to lead a small team of multi-disciplinary and multi-national professional internal auditors responsible for carrying out a full range of compliance and operational audits in accounting, finance, long-term lending, information technology, general administration and personnel, including payroll, pensions, taxes and health insurance schemes.

The appointment for this post, which reports directly to a member of the Management Committee and to the Audit Committee, will be for a fixed-term period of five years.

Qualifications required: University degree in economics, business administration or equivalent and professional qualification as chartered accountant and/or certified internal auditor (CIA) or equivalent. An additional qualification as certified information systems auditor (CISA) would be an advantage.

Extensive professional experience at senior level: Preferably as both external auditor/consultant and internal auditor, preferably at the head office of a major financial institution.

Requirements: This independent function within the institution requires the following abilities: • On the basis of developments in the Bank's activities, policies and procedures, to prepare and discuss an annual, risk-based programme of audits. • To report regularly on the Division's activities and to ensure effective follow-up on the implementation of major audit recommendations. • To provide supervision and quality assurance in the performance of audits. • To produce results through organisation, team-work and personnel development in accordance with the Standards of the profession of Internal Auditing. • To initiate ideas and foster best practice in internal control throughout the institution. • Good communication skills and a proven aptitude to edit and produce effective audit reports. • Conversant with the use of a PC and data interrogation languages. • High level contacts with external bodies.

Languages: The Bank's audit reports being produced in English or French, it is essential to possess a perfect knowledge of one and a very good command of the other. Knowledge of other Community languages would be an advantage.

The EIB offers attractive terms of employment and salary with a wide range of welfare benefits. Applications from women would be particularly welcome.

Applicants, who must be nationals of a Member Country of the European Union, are invited to send their curriculum vitae, together with a letter and photograph, quoting the appropriate reference, to:

EUROPEAN INVESTMENT BANK
Recruitment Division (Ref: AI 9601)
L-2950 LUXEMBOURG. Fax: +352 4379 2545.

Applications will be treated in the strictest confidence and will not be returned.



Oxfordshire

Circa £30,000 + car + bonus



Search & Selection

Project Accountant

Our client, Wace Specialist Print, is part of Wace The Imaging Network, the world's leading specialist pre-press and print group. Using state of the art digital technology, this successful company has built up a reputation for providing its customers with excellent products and quality service.

An outstanding opportunity exists for an ambitious qualified accountant to join this young successful division. Reporting to the Divisional Finance Director, you will be responsible for reviewing all aspects of the business, working on both financial and non-financial projects.

Working closely with other Divisional Managers, you will examine current systems and procedures across each function of the business, and make recommendations for improvements in the Division's growth and profitability. You will also be required to contribute to the production of the group financial reports at peak times.

The ideal candidate will be ACA/CIMA qualified with 2-3 years PQE gained in industry, corporate finance or consultancy. You must have experience of Business Process Re-engineering and be familiar with Activity Based Management techniques. A good understanding of how Management Information Systems operate in a commercial environment is desirable, as is a knowledge of World Class manufacturing techniques.

This high profile position requires someone with exceptional personal qualities. You should be articulate and persuasive, diplomatic and perceptive. Highly motivated, you will possess good project management skills and work well either in a team environment or on your own. Our client is looking for someone who has a good understanding of commercial issues - someone who is business aware, rather than numbers driven.

Please send your Curriculum Vitae and current salary details, by 30th October to: Elaine Jones, JMC Search & Selection, PO Box 5624, Solihull, West Midlands B93 9RJ.

DIRECTOR OF FINANCE

INTERNATIONAL CLIENT SERVICE ORGANISATION

LONDON

c.£55,000 + BONUS + BENEFITS

- Established over 200 years ago, this professional organisation has grown to 50 offices world-wide with longer term plans for wholly-owned offices in every major business centre.
- In line with the ambitious development plans, the organisation needs a high calibre Director of Finance who will both raise the quality of management information and assist with strategic development.
- The Director of Finance will work closely with the Chief Executive and provide high level support to the full management team.

- A qualified accountant, probably aged mid-30s, whose personal qualities allow him/her to function effectively in a highly decentralised environment made up of international offices from six to 110 people across a variety of national cultures.
- He/she will be a 'hands on' financial manager capable of achieving excellence by coaching and persuading rather than simply by dictating, and must therefore have particularly strong people skills.
- Subject to performance, the successful candidate can expect to be offered a seat on the board after a reasonable period.

Please apply in writing quoting reference 1197

with full career and salary details to:

Nigel Bates
Whitehead Selection Limited
11 Hill Street, London W1X 8BB
Tel: 0171 290 2043
http://www.globeet.co.uk/whitehead



A Whitehead Mann Group PLC company

GROUP FINANCIAL CONTROLLER

FTSE MID 250 GROUP

YORKSHIRE

TO £60,000 + BONUS + BENEFITS

- £550m turnover, quoted manufacturing and distribution group with operations in 18 countries and some 5,000 employees. A recent very substantial acquisition has confirmed the group within the top multi-national league in its sector.
- In line with the rapid step up in scale, the internal structure of this decentralised business is being significantly upgraded, including the appointment of a high calibre Group Financial Controller, arising from the internal progression of the previous incumbent.
- Supported by a team of four, he/she will ensure that the Board is fully aware of the Group's performance against targets and that management information actively supports business decision-making. Responsibilities will include international tax planning, systems development and co-ordination of treasury management.

- Mid 30's, qualified accountant and preferably a graduate trained in a leading professional firm, with subsequent experience in a 'blue chip' group. Proven skills in strong financial leadership, ideally in a consumer products distribution company which operates sophisticated systems, controls and procedures.
- Excellent technical skills including the areas of tax and treasury will be essential. Personal qualities will include a high level of personal credibility, excellent communication skills and a preference for an open management style where constructive challenge is expected. Ability to speak French would be advantageous.
- This appointment represents an opportunity to join a progressive, international group at a crucial stage in its development, with scope to make a considerable personal impact.

Please apply in writing quoting reference 1251

with full career and salary details to:

Nigel Bates
Whitehead Selection Limited
11 Hill Street, London W1X 8BB
Tel: 0171 290 2043
http://www.globeet.co.uk/whitehead



A Whitehead Mann Group PLC company

STERLING

Diagnostic Imaging International S.A.

The Sterling Diagnostic Imaging Inc. company was formed in April 1996 as a privately owned spin-off business from the DuPont Company. Sterling manufactures, markets and sells medical x-ray film, equipment and related products on a global basis. The company has annual sales of \$550 million and approximately 2,000 employees worldwide. Net sales of the European and Asia Pacific group, headquartered in Geneva, Switzerland, are approximately \$175 million. The immediate challenges are to quickly transition away from a dependency on DuPont systems and functions. In this regard, we are looking for two

high calibre candidates with professional & leadership experience as ACCOUNTING MANAGER REGIONAL TREASURER

for our European and Asia Pacific subsidiaries as well as coordination with U.S.

Your mission:

Set up and direct a centralized accounting team responsible for general ledger, financial reporting and control activities for several European subsidiaries. You also play a key role in our global project of setting up management information systems including practices, procedures and processes for all financial activities.

Yourself:

You have a degree in accounting, 5 to 8 years of professional experience of which some in a supervisory role. You have a good understanding of U.S. generally accepted accounting principles (GAAP) and of European statutory reporting and accounting requirements.

Ref: 472.1847

Your mission:

Set up our centralized treasury function to service the Sterling European/Asia Pacific operations. You coordinate cash management in your region and interface with HQ in the U.S. This task also includes the development and implementation of foreign exchange programs as well as the management of our European banking relationships.

Yourself:

You are flexible, open-minded but tough when it comes to defending important issues. You have several years of experience in international treasury related functions such as cash management, credit and collection, tax issues and bank relations. A degree in finance and your proven success in your past functions qualify you for this highly challenging position.

Ref: 472.1848

We offer very attractive employment conditions in Geneva (Switzerland). You will be part of a dynamic team responsible for creating the regional finance function and have the possibility to grow with a world leader in the medical diagnostic imaging market.

Mercuri Urval SA, Ch. du Jonan 1, CP 2428, 1260 Nyon 2, Switzerland, with the corresponding reference or phone for additional information. Telephone number: 41 (0)22/362 19 55. Full confidentiality is ensured.

Mercuri Urval, assessment experts in recruitment and selection, potential analysis, management development and coaching with offices in Nyon, Zürich, Basle and Bern and 75 further agencies in Europe, USA and Australia.



Central London

This recently listed Company has raised funds to develop the exploration of high-quality metals overseas. The Company is pursuing a policy of achieving maximum growth by generating operating revenues over the next few years from its projects and by further investment to expand its project portfolio.

The successful candidate will be responsible for the co-ordination and preparation of management and financial accounting within a multi-currency environment, including monthly management reporting, analysis and interpretation. You will provide cash-flow forecasting and monitoring and input into the planning and budgetary process (focusing on operational and business issues). Constant communication with the East European based finance functions will be required to develop the Group business processes and reporting systems. A degree of travel to maintain working relationships will be necessary.

The position has excellent growth potential; you will be expected to provide

future input into the evaluation of projects with a view to future exploitation and to assist in further finance raising, including establishing and building relationships with institutional investors and advisors.

You will be a qualified Accountant with a minimum of two years' post qualification experience in Commerce and Industry. Probably in your late twenties you will be able to demonstrate strong technical expertise and the confidence and interpersonal skills to be an excellent communicator.

This is an outstanding opportunity providing significant exposure to senior management and will result in excellent career progression.

To apply, please send or fax your résumé quoting reference number 3225/27 to Caroline Ford at Morgan & Banks PLC, Brettenham House, Lancaster Place, London WC2E 7EN. Fax: 0171 240 1052. Alternatively, our internet address is <http://www.morganbanks.com.au> or please E-mail us on: s&s@morgan01.demon.co.uk

Morgan & Banks
INTERNATIONAL

Happy Mondays!

The Financial Times has launched a new, weekly Accountancy Appointments section. It contains jobs with salaries under £34,000 p.a., and is therefore distinct from our market-leading Thursday Accountancy Appointments pages.

For more details please contact

Dominic Knowlson:

Tel - 0171 873 4095 Fax - 0171 873 4015

E-mail - robert.hunt@ft.com

مركز من العمل

IT Appointments

Implementing business transformation in treasury and risk management.

It's the results that count.

IBM's management consulting operation is handling some of the most exciting business transformation projects in the Banking, Finance and Securities sectors. Our work is international in scope. Our application of technology is helping to re-define the leading edge. So why are so many of the world's most prestigious financial institutions trusting IBM to secure their competitive edge for the future?

The fact is, we bring together industry knowledge, consultancy expertise and leading-edge technology in a seamless international capability that is unique. Yet our refreshingly open approach to consulting does away with the mystique of "the expert" and makes solutions accessible and comprehensible to the customer. And we provide results, not just reports or recommendations. As the momentum of our business continues to grow, we need more people who enjoy delivering great things for clients.

We are looking for implementation managers with at least three years' relevant experience to lead the delivery of large-scale business transformation projects which are pan-European in scale and scope. The role calls for a rare blend of technical skills and customer-facing consultancy expertise. On one hand, you must have solid experience of application

development and package assessment of leading edge trading and risk management applications, such as INFINITY, ALGORITHMS, SUMMIT, DEVON AND KONDOR +.

But you must also be an assured team leader who is accustomed to working with end-users at all levels, throughout the project cycle and on into commissioning, hand-over and training. You must be prepared to travel widely within Europe in the course of your assignments.

Salaries and benefits are designed to attract people of the highest quality, whether established consultants or IT professionals currently working with a bank. Unlike traditional consulting firms which operate a limited, partner-centred hierarchy, we can promote good people as quickly as their achievements and abilities deserve. Please write with full cv to our appointed consultants: Joe Thomas and George Corbett at IBM Selection, 76 Walling Street, London EC4M 9BJ. Telephone: 0171-248 3653. Fax: 0171-248 2814. Please quote ref: 404.

IBM is an equal-opportunity employer. The IBM homepage can be found on the Internet at <http://www.ibm.com>



Solutions for a small planet

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Senior Appointments

Invest in your Future Corporate Finance

Our client is one of the top twenty names in international investment banking. The manipulation of data is integral to the expansion of their business resulting in several demanding roles. These business critical positions will demand imaginative development of the next generation of PC based Risk Advisory services.

Head of Quantitative Development salary to £100,000

You will need proven experience in the quantification of corporate risk exposure on any time scale, allowing these risks to be optimally managed by the design of appropriate hedging and asset/liability management strategies. The successful candidate will be totally responsible for the design and development of a modelling framework to support all functions required in Risk Advisory.

C Bond Analyst Programmers salary to £60,000

Analyst Programmers will need total commitment and a minimum 12mths client server skills, previous experience in financial markets is required and any knowledge of Bonds is highly desirable. Candidates with some knowledge of C/C++, Excel, VB or OO Analysis and design can be assured of truly dynamic career, where you can expect the rewards associated with a major force in global finance.

For an informal discussion about these exciting career challenges, please contact our city consultant Lisa Russell on 0171 419 2518 mobile 0956 891323 alternatively send your cv on disc or hard copy to Prime Selection, Prime House, 136 Kentish Town Road, London NW1 9QB. Fax 0171 813 6574 or e-mail on 100451.3674@COMPUSERVE.COM

Sweden • United Kingdom • United States • Australia • Belgium

HEAD OF IT

Innovative strategist. Hands-on pragmatist
The City £60,000+ and car + benefits

This rapidly expanding organisation, operating in a rapidly expanding market sector, is unique. Well over 100 years old, it has experienced 700% growth in eight years by successfully blending tradition in its approach to business with the competitive use of IT, in all its forms, to gain business advantage.

The role

- evolve an IT strategy in line with the business strategy whilst maintaining existing systems
- recommend and manage the delivery of IT projects, on time and within budget, in the areas of infrastructure, business models/ solutions and information management
- deliver effective IT solutions by appointing and managing an external supplier network
- keep abreast of business developments and ensure best practice is followed.

The person

- graduate or qualified accountant (MBA preferred) with a successful IT project management record in a finance-sector organisation which has undergone significant business process re-engineering and change
- fully conversant with a broad range of communications, operating, mid-range and management information systems
- strong listening, facilitating, advising, relationship-building, networking and teamwork skills
- flexible, creative strategist and accomplice with pragmatic, hands-on approach.

Please send cv and a letter indicating current remuneration, with a paragraph addressing each of the eight points above, to David Walliser, Executive Search and Selection, Ref: 0568/DRW/FT, PA Consulting Group, 123 Buckingham Palace Road, London SW1W 9SR.

Offices:
London (0171) 730 9000
Birmingham (0121) 454 5791

PA Consulting Group
Creating Business Advantage

Glasgow (0141) 221 3954
Edinburgh (0131) 225 4481
Manchester (0161) 236 4531

Malaysia • Luxembourg • Japan • Italy • Ireland • Hong Kong



Information Technology Manager

Salary: Negotiable + Car + Bonus + Benefits
Luton Based - International Travel

UK - Luton, Bedfordshire
Vauxhall Motors Limited is the UK Automotive Subsidiary of General Motors International, part of General Motors, the world's largest company.

As a result of an internal promotion Vauxhall are seeking a high calibre individual to fill the post of Information Technology Manager, reporting to the Director of Finance. The successful candidate will be responsible for managing the IT department, and continuing the development and implementation of an IT strategy that supports the company's business objectives.

- The Key Job Responsibilities:-**
- Ensure that the technology deployed in support of Vauxhall is market leading in terms of both cost and quality.
 - Ensure that the day to day operations of the technology resources meet management objectives.
 - Liaise with Director of Technical Services GM International to ensure a consistent approach to technical architecture and system deployment.
 - Control of the IT budget (£40M).

• Advisor to the Board of Directors on Technology issues.

- The Key Job Qualifications:-**
- 10 years Information Technology experience with a multinational organisation.
 - Excellent business and technical experience in a Manufacturing Industry (Automotive preferred), coupled with a strong academic achievement (MBA preferred).
 - Comprehensive knowledge of modern trends in Information Technology and how they are applied in an organisation.
 - The successful candidate must have strong communication skills and leadership experience.
 - Strong team player.
 - Ability to work with all levels within the organisation.

Reply in strict confidence quoting reference ITM with CV and relevant experience by 31st October 1996 to: John Culley, Manager Finance Administration, Vauxhall Motors Limited, IMP C2, PO Box 3, Luton, Bedfordshire, LU1 3YT, United Kingdom.

FX SYSTEMS DEVELOPERS

Surrey
Our client is an international full-service software and systems company. Concentrating on the development of a complete line of banking systems, our client is dedicated to providing turnkey solutions to meet the specific needs of its clientele. The company's products include on-line, real-time trade finance banking systems and international wholesale treasury solutions; widely used by many major international treasury houses.

Following the recent expansion of its UK operations, our client has a number of openings for developers to work on a

£25-35K + Bens
state-of-the-art Client/ Server Front-Office and Decision Support System utilising Windows-NT O/S. Prospective developers should have substantial 'C' or C++ and have either worked previously on banking systems and/or have Windows-NT development experience.

The continuing success of this company and its further expansion in the UK make these positions extremely attractive in terms of fast-track career advancement. The company is committed to leading-edge technologies and will provide training to ensure you stay ahead of the market.

For further information please contact Neil Chambers at:
Paragon I.T. Human Resources, 2nd Floor, 80 White Lion St,
London N1 9PF
Tel: 0171-278-9444, Fax: 0171-278-9445, Email: paragon.rec@dial.pipex.com

BUSINESS AND TECHNOLOGY REVIEW

Fast Changing Financial Services Group

London c.£40,000 + bens

With an impressive record of success, our client's operating profit has more than doubled in the last four years, matched by a consistent growth in share price and dividends. Staying at the forefront of a rapidly changing environment, the group continues to grow organically, through acquisitions and by moving into new markets. Building on its reputation as a leading life insurer, our client's interests also include unit trusts, fund management and, most recently, retail banking.

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With an attractive range of benefits and a strong commitment to training and development, prospects within the group are excellent. Recent promotions from the team include moves into strategy, line management and operations, in the UK and overseas.

Interested applicants should post or fax a full CV quoting ref 179 to the address/fax number below. For more information contact us on 0171 242 9191 or alternatively during the weekends and out of office hours on 01206 263474.



SEARCH & SELECTION
95 FETTER LANE, LONDON EC4A 1EP TEL: 0171-242 9191 FAX: 0171-242 9560

IT City Appointments



OPTIMA CONNECTIONS

banking

C++, CURRENCY OPTIONS

City To £50,000 + Bonus + BBS

This elite group of hybrid programmers are looking for a bright graduate with excellent technical skills to work in a pressurised, delivery focused environment. Candidates must have over 2 years' C++ on either UNIX or NT, SQL and business aptitude. Senior developers with relevant derivatives experience are also of interest.

EXCEL/VBA SUPPORT TO DEVELOPMENT

City £30 - 50,000 + Bonus + BBS

Leading US investment bank has an opportunity for an exceptional Excel, VBA professional. Working close to the business, predominantly Interest Rate and FX, the successful candidate will be involved with support, until familiar with traded products and then move into a pure development role. A 1st or 2:1 degree is pre-requisite.

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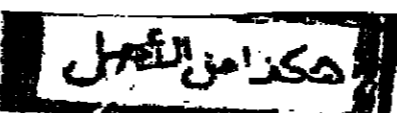
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Healths by Mark Suzman

Commitments prove elusive

Little progress has been made in clinching the big hospital deals so badly needed

There may be some debate as to which has been the best-performing area for PFI over the past 12 months, but there is no contest for the worst: the health sector has had a very difficult year. Although some deals are now imminent, not a single one of the big hospital deals expected to revitalise capital stock in the National Health Service is yet signed.

It is all a stark contrast to last November, when Stephen Dorrell, the health secretary, announced the first such project to receive Treasury approval - a £30m hospital for South Buckinghamshire trust - after last year's budget. Then he said he expected deals to come through at a rate of at least one a month, with construction beginning shortly after.

Since then there has been no shortage of projects - 24 have now got preferred bidders while five more have been formally approved by the Treasury - but signed

deals have proved frustratingly elusive.

At the same time, several contractors have withdrawn from projects at the bidding stage in protest at the expense and bureaucracy involved.

The first big obstacle came at the beginning of the year when banks and other lenders became concerned that the structure of the decentralised NHS meant that the government would not be required to honour the liabilities of any trust that went bankrupt.

In response, Mr Dorrell rushed through emergency legislation in the form of the Residual Liabilities Act, which was passed in March, committing the government to meet such risks.

To the irritation of trusts, however, some banks are still concerned that the health secretary may be able to use a loophole to avoid payments, and are therefore reluctant to commit to a hospital deal.

"It is frustrating that banks and lawyers keep winding it up," says Andrew Neill, head of the private finance unit in the NHS, who insists that it is neither "necessary nor possible" for

Mr Dorrell to completely guarantee such liabilities.

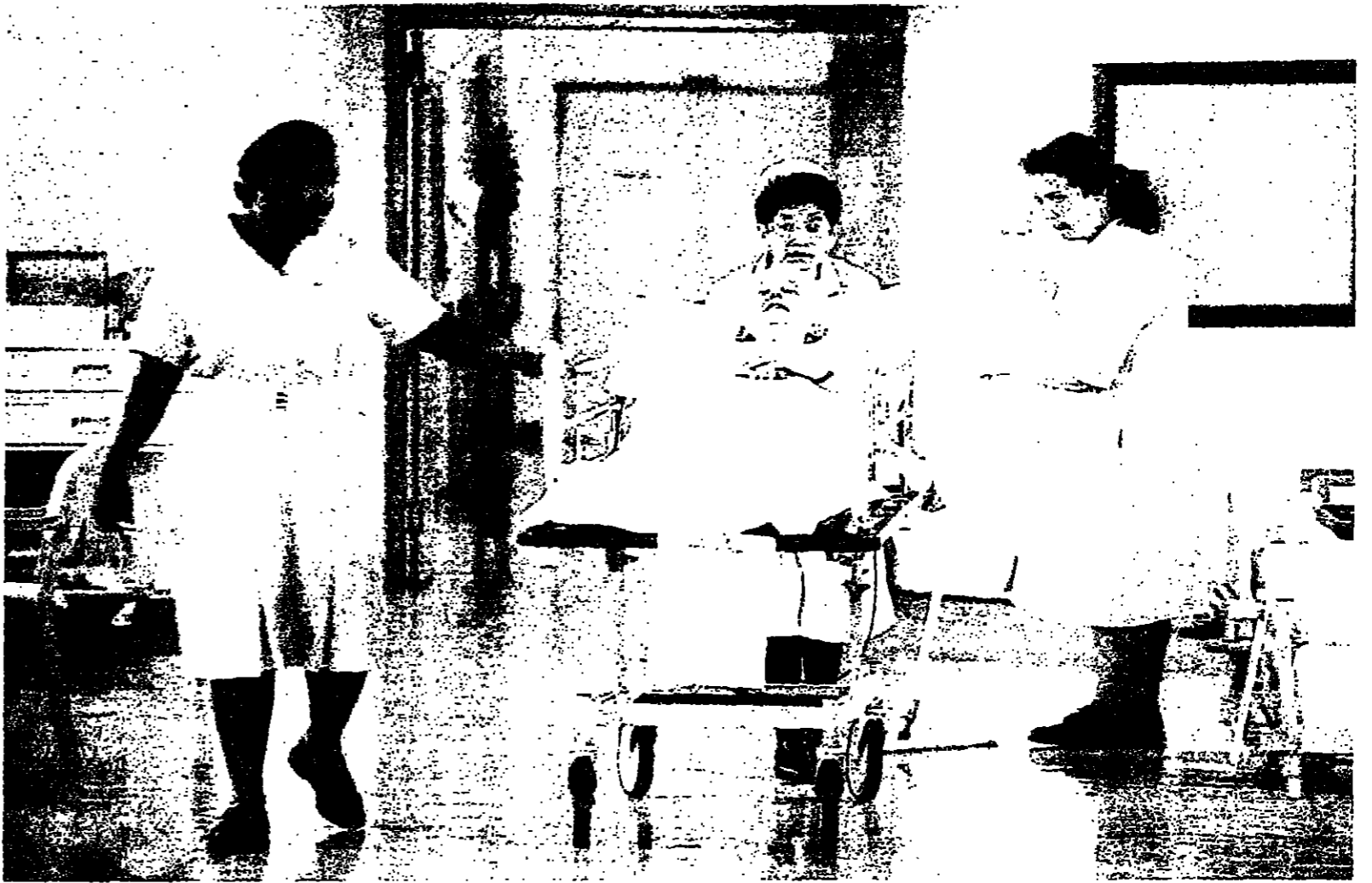
That is probably true. Some banks are reportedly now ready to sign deals anyway but are reluctant to be the first out of the starting gate for fear of setting inappropriate precedents.

But there are other problems as well. Contractors at one flagship scheme, Swindon & Marlborough's plans for the £90m rebuilding of its Princess Margaret hospital, have had to find a new greenfield site, indefinitely delaying a project which now requires a new design and new costings.

More serious, however, has been the issue of affordability. Several hospital trusts have found themselves unable to pay for projects that meet their original specifications.

In part this has been due to contractors not submitting detailed bids at the preliminary stage. But a bigger problem has been that many cash-strapped health authorities, which provide trusts with the bulk of their annual income, are unable to commit to provide enough money to finance the deals.

As a result, Swindon, together with other trusts



Cash-strapped: health authorities, which provide hospital trusts with most of their annual income, cannot commit to providing enough money to finance deals. Tony Andrews



Stephen Dorrell: last November he said he expected deals to emerge at a rate of at least one a month

such as North Durham Acute, has had to cut back on its original proposals after discovering that it cannot afford the payments necessary to fund a project meeting its original specifications.

Analysts warn that as many as 10 trusts could be affected with the gaps ranging between £1m-£5m a year for the life-time of the 30 year contracts.

Such problems have proved highly frustrating to health managers who are anxious to get projects up and running. According to Marco Cereste, chairman of the NHS Trust Federation, an umbrella group for trusts, what is needed is a clearer focus from the department of health.

"There must be a better selection process for PFI projects," he says. "The simple truth is not all projects are suitable. The assumption that they are - pursuing obvious non-starters - wastes public and private resources."

That message has started to hit home, and Mr Neill now admits that some of the projects will probably not get off the ground through PFI.

"Affordability is an absolute limit," he says. "We have already got schemes where we don't think PFI is going to work."

Mr Neill also agrees that the initial process followed by the department of health in launching PFI was flawed. Instead of trying to rush as many deals as possible through to preferred bidder, he says it would probably have been more sensible to

target a few pathfinder projects that could then have acted as examples for new ones.

However he insists that the problems should not be seen as a failure for PFI. "What would be a failure is if we kept going back to the market with the same type of projects. It would be entirely wrong to suggest it's PFI or nothing."

Despite all the setbacks, however, no preferred bidders have yet pulled out of a

deal and the principals involved in the front-running projects remain convinced that it is only a matter of time before the first few contracts are finally signed.

"New problems do seem to crop up, but we are slowly getting there," says one banker closely involved in several negotiations.

There have been some other silver linings amid all the heavy cloud. In April, the Treasury agreed that VAT incurred in PFI schemes could be reclaimed - without which even many of the strongest projects would be threatened by affordability problems.

Some 40 smaller deals, ranging from IT projects to incinerators and car parks, have been signed, bringing the total up to about £300m.

Even troublesome smaller projects such as pathology units - controversial because they are a form of clinical services - have been successful.


And in the meantime, people involved in negotiations on the front-running hospitals such as South Buckinghamshire and the £170m Norfolk and Norwich plan for a new district general hospital are still optimistic that the first big contract will be signed shortly.

However, even then, Mr Neill acknowledges that this will not automatically mean that a successful blueprint for future deals has been created.

"The first few deals will have different structures," he warns. "It is not expected that those will be a one-size-fits-all exact template."

'It would be entirely wrong to suggest it's PFI or nothing'

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6 PRIVATE FINANCE INITIATIVE: EDUCATION AND TECHNOLOGY

Education: by Jonathan Ball

Sector starts to take note

Though only recently targeted, education is waking up to the scheme's benefits

While claims of success are being made by government ministers, PFI in the education sector has only been targeted since the end of last year and its total yield will depend on the spending decisions of universities, colleges, local authorities and schools. The government estimates that more than £1bn could emerge over the next three years.

Specialist PFI Units have been established in the Higher Education Funding Council for England (HEFCE), the Further Education Funding Council (FEFC) and the Funding Agency for Schools (FAS). The HEFCE and the FEFC have drawn up lists of PFI pathfinder projects, and at the end of 1995 the Treasury's Private Finance Panel Executive established a unit devoted to the development of PFI in education.

In the schools sector, PFI is an emerging factor in the provision of schools capital. The Department for Education and Employment (DfEE) is working to facilitate the introduction of PFI into schools by developing pathfinder projects in conjunction with local authorities, the dioceses and grant maintained schools.

The first two pathfinder projects - Pimlico School in London and St Wilfrid's Church of England High School in Blackburn - have received government support towards project costs.

Pimlico is a £20m project for the design, construction, operation and maintenance of school buildings, and St Wilfrid's entails the relocation of the school to a new greenfield site. A project is also under way at Colfox School in Bridport.

The DfEE expects PFI to play an increasingly important role in the funding of school capital projects. So far, the newly independent colleges of the sector have attracted more than £100m of private sector investment. The FEFC has named 11 projects as pathfinders:

- Carlisle College;
- Clarendon College, Nottingham;
- Tynemouth College;
- Waltham Forest College;
- West Cumbria College;
- City of Liverpool Community College;
- Canterbury College;
- Newbury College;
- Stoke on Trent College;
- South East Essex College;
- Stockton and Billingham College.

"The projects are at varying stages of procurement," says Phil Head, head of the PFI unit in the FEFC. "Among the most advanced are at Clarendon College and Waltham Forest, where in both cases the announcement of the preferred bidder is imminent."

The Clarendon project is a £12.6m scheme for the acquisition and refurbishment of a building with associated facilities management, while Waltham Forest is a DBFO (design, build, finance, operate) contract for the relocation of the schools of engineering and automobile engineering. Discussions with a potential partner are

taking place at Carlisle College.

The FEFC has also published a projects register listing 488 potential PFI projects at 172 colleges at a value of £650m. Universities and higher education colleges are similarly pursuing the scope for partnerships with the private sector. The HEFCE has named 10 projects as pathfinders:

- Bournemouth University;
- Essex University;
- Falmouth College of Arts;
- Leeds Metropolitan University;
- Leicester University;
- Nottingham Trent University;
- Portsmouth University;
- Bloomsbury Consortium (School of Oriental and African Studies);
- Southampton Institute;
- Westminster University.

"The HE [higher education] sector is beginning to realise the opportunities PFI procurement can offer to their institutions," says Natalie Norminton of the Private Finance Panel Executive.

One of the largest ventures in higher education is



In the schools sector, PFI is an emerging factor in the provision of capital

a £123m redevelopment to provide teaching and research accommodation for King's College London and the United Medical and Dental Schools (UMDS), which are merging under the Tomlinson Report recommendations. Dr Lynn Carlisle of the UMDS says: "We are currently engaged in an exclusive negotiating period with one tenderer, and we expect to be able to name our preferred partner very shortly."

Another major project is a £20m review of the residence

portfolio at Westminster University. "We have appointed advisers to help us compile the shortlist of bidders," says Alan Strang, project manager at the university. "We are at present reviewing the timetable for the project, but we intend to select our preferred bidder by the end of February 1997."

The HEFC has set up a database of potential PFI projects and interested private investors. Total borrowing within higher education

from the private sector is estimated at £1.6bn, and this is being supplemented increasingly by funds from the private sector through PFI arrangements.

A typical partnership approach is Greenwich University's £12m BOOT (build, own, operate and transfer) scheme for student accommodation, which was officially opened by Gillian Shephard, the secretary of state for education and employment, on 1 October.

Such PFI-type projects in

universities involve the private sector in sharing financial risks and assuming management responsibility for new or refurbished buildings over an extended period.

PFI is attracting interest from specialist concerns such as the Rotch Funding Group and Nord Anglia Education, who are actively exploring funding mechanisms and the scope for facilities management in education respectively.

"It has been a steep learning curve for all concerned," says Henry Dallal, director with Rotch, which is assisting bidders with funding on seven education projects. "Every PFI deal is different and inevitably complex."

Kevin McNeany, chairman of Nord Anglia, says: "What PFI seems to be missing is an operating partner or facilities manager from the education sector, which is the role we are adopting in the various consortia of which we are members."

"Over the next 12 months we expect colleges to look more closely at PFI and realise they can outsource things they have been doing themselves to people who can do it more efficiently and cheaply."

Information technology suppliers: by Paul Taylor

New risks with new rewards

Views vary on the costs and benefits brought by the initiative to the IT sector

For the leading information technology services suppliers in Britain, the Private Finance Initiative, launched by Norman Lamont in late 1992, has provided both new opportunities and new risks.

Under the PFI, private sector companies often grouped together into consortia, have begun to take on the risks of developing and delivering IT systems for the public sector in return for payments generally linked to the volume of business.

PFI's supporters claim it is enabling government to

tap new technology to raise efficiency, cut costs and improve quality of service provision.

For example, in May this year a consortium led by ICL, the UK-based computer and computer services group majority owned by Fujitsu of Japan, was awarded a government contract worth more than £1bn to link Britain's 20,000 post offices by computer - a contract the government hopes will also help it fight benefit fraud.

Aside from ICL, the winning consortium - dubbed Pathway - also includes Girobank, De La Rue, the security printing company, and An Post, the Irish Post Office. The computer network - to be phased in over the next two to three years - will be the largest of its

type in Europe, handling 1bn payments, worth £60bn, each year.

The contract, which will run for eight years, is one of the largest awarded under the PFI and includes the provision of £200m of computer equipment and operating costs of about £1bn. It was hailed by the Treasury as a critical advance for the PFI, even though severe delays in the contract negotiations were a source of some controversy.

The winning consortium, which beat two other contenders - one led by Andersen Consulting and the other by International Business Machines - is believed to have won the contract because of its competitive pricing and willingness to assume greater risk than its two main rivals. Pathway is

assuming all risks associated directly with the operation of the automated system, including an element involved with the encashment of benefits through the new card.

As Peter Lilley, the social security secretary, noted, the consortium would be committed to taking "a significant share of the risk" of payment fraud if the new benefit payment system was "cracked". Meanwhile, almost all of Pathway's revenue will depend on use, giving the consortium a strong incentive to introduce the system speedily and maximise use from sources other than the Benefits Agency.

Government officials have hailed the contract as "path-breaking" in the degree of risk transferred under the

project from the public to the private sector - risk transfer is central to the government's claim that PFI provides better value for money than traditional public sector procurement.

In support of this argument the government and officials cite the agreement earlier this year by Andersen Consulting to pay the government about £12m in compensation for its failure to deliver the full service promised to the Department of Social Security from next February through the new computerised national insurance records system (NIRS2) - another IT related PFI project.

Andersen Consulting which won the £100m NIRS2 contract, was forced to renegotiate it after admitting that it could not meet its

commitments because of development difficulties. While the Treasury claims the compensation is a triumphant demonstration of the PFI's success in passing the risk for project delays to the private sector, critics argue that the delay in full implementation of the system showed that PFI projects are no more reliable than old-style public procurements.

Meanwhile, the time and expense involved in negotiating PFI contracts has also become an issue. For example, when the three consortia were shortlisted for the Post Office project last July, a winner was promised by the start of this year. In the event an announcement was not made until mid-May.

Meanwhile bidding costs for the three consortia have been estimated at more than £50m for the private sector alone.

Even PFI supporters such as Sema Group, the

Anglo-French computer services company, argue that many projects that have gone through the lengthy PFI process were unsuitable and have subsequently had huge costs with little return.

"PFI will work better when the supplier is required to provide the complete service, or is given the flexibility to provide a major service element of a capital project," argues Vin Sumner, Sema's public sector marketing director. "It is more likely to fail if suppliers are asked to only look at infrastructure-led projects."

Mr Sumner also argues that while it is correct to assume that the IT supplier, "is in the best position to manage some risk, the level of risk transferred to the supplier needs to be appropriate and manageable."

Others have complained that the PFI discriminates against smaller suppliers

wanting to bid. "The high costs involved in the bidding process, the levels of security and good standing required of the successful supplier, and the levels of risk to be handled by the private supplier, all work in favour of larger suppliers," says David Barrett an IT specialist with lawyers Dibb Lupton Broomhead.

Mr Barrett agrees that the participation of smaller suppliers in PFI projects is a "difficult issue". But he adds: "Those in charge of the taxpayer's purse have responsibilities to ensure that suppliers are resilient organisations which are large enough to shoulder the responsibilities."

"Therefore, smaller organisations need to find different ways of participating - perhaps as part of a consortium, or as a stakeholder in a joint venture, or as a subcontractor to a prime PFI contractor."

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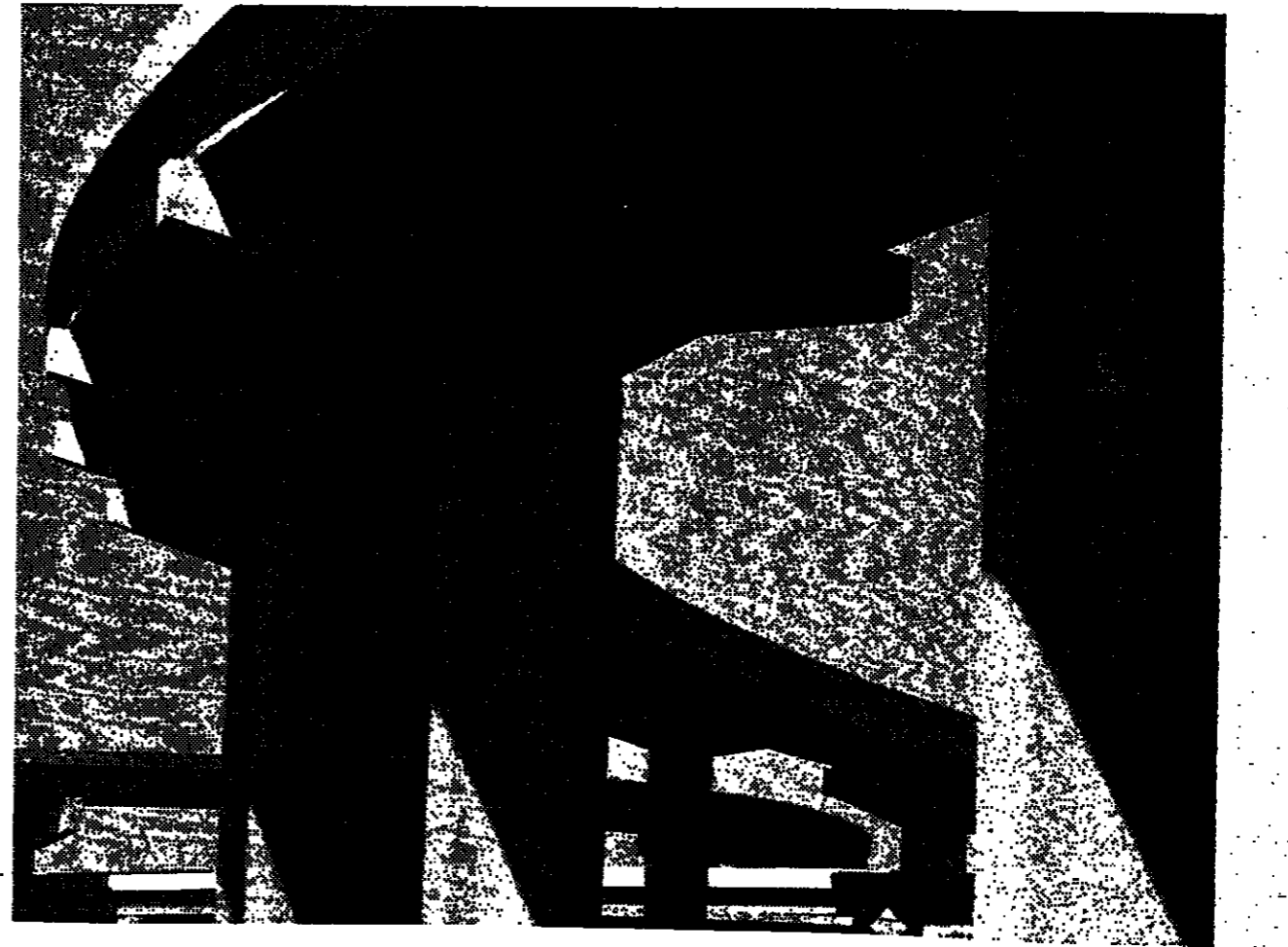
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PRIVATE FINANCE INITIATIVE: PRISONS AND DEFENCE 7

Prisons: by Alan Pike

Builders escape worst problems

Negotiating with a single agency has made it easier for consortia to strike deals

Private sector managers, struggling with tortuous negotiations on PFI contracts, may sometimes feel like competitors in an unwinnable board game where every throw of the dice lands them on "Go to Jail".

Work started at Altcourse at the beginning of the year. With the 19 buildings on its campus-style development already taking substantial shape, there are prospects of the prison being ready for occupation within two years of the contract being signed.

The Altcourse contract was won by Fazakerley Prison Services, a consortium of Tarmac and Group 4, which has also been chosen as the preferred bidder to design, build, finance and manage two new Secure Training Centres for persistent juvenile offenders proposed by the government.

Parc will be built and run under the PFI by Securicor Custodial Services, a consortium of Securicor, John Selfert, WS Atkins, Costain and Skanska International.

The private sector already manages a small group of state prisons, and operates secret services taking prisoners to and from court. This has enabled companies such as Group 4 and Securicor to gain some experience of providing custodial services, which until the 1990s were entirely public-sector activities.

Although the government's introduction of private management in prisons remains controversial,

prison reform groups protest that only state servants should be entitled to supervise individuals who are deprived of their liberty - PFI has entered the Prison Service considerably more smoothly than some other Whitehall departments.

"Dealing with the Prison Service, a single, central agency, has certainly been an advantage," says James McCormack, assistant managing director of Tarmac's PFI unit.

This does not mean the Prison Service negotiations were routine. One of the biggest difficulties arose over the government's initial insistence that its standard corrupt gifts clause should be included in the contract.

"Such a clause might be acceptable to a company supplying paper cups to a government department, but our bankers simply refused to entertain it on a 25 year long contract for an investment of this size," said Bruce Johnston, a partner with Wilde Septe, the solicitors representing Group 4 and Tarmac in the negotiations.

A further problem arose over insurance. Since Altcourse and Parc will be Britain's first privately-owned prison buildings, there is no precedent for what would happen if the operators ever found themselves unable to obtain insurance cover, particularly against riots.

However, Neville Stinus, group chief executive of Tarmac, emphasises that not all difficulties in PFI negotiations involve conflicts between the public and private sectors.

"Private sector partners have to reach agreement among themselves as well. Tarmac's board takes the idea of entering into 25 or 30 year commitments very seriously. We are talking about large scale projects,



Precast units being craned into position at Fazakerley

involving private sector partners from different backgrounds who may not have worked together before, and commercial relationships with banks. Getting everyone's agreement in these circumstances is bound to take time and effort."

Altcourse will give Tarmac and Group 4 a showcase to promote further ventures into judicial services. Its campus design, with buildings occupying 20 acres of a 66 acre site, will accommodate 600 inmates in six two-storey house blocks. Factory-made units of four cells, with built-in ducts for electrical and plumbing services, are constructed

at Tarmac Precast Concrete's Somerset works and are craned into position on site. This technique is expected to shorten the building programme by several months. Construction costs are about £70m. Parc prison will house 800 prisoners, and the Securicor consortium plans to operate it in liaison with community institutions; prison education and training programmes will be provided by Bridgend College, and medical services by Bridgend and District NHS Trust. Under the terms of the PFI contracts, both prisons will become government property after 25 years.

Defence: by Quentin Carruthers

Deals lie behind the frontline

Contracts are reserved for non-combat services and works projects

PFI shelters somewhere behind the frontline in defence. As in the health sector, where PFI is restricted to construction and non-clinical services, so in defence PFI is reserved for non-combat services and works projects.

Of the few Ministry of Defence contracts that have been awarded through PFI so far, two concern the provision and servicing of defence support vehicles; the £35m RAF white fleet project was awarded to Lex Service in July 1996, and the £27m project for the provision of material handling equipment (MHE) to depots was awarded to Cowie Interleasing in September 1996.

A third defence support vehicle project - the £50m replacement of 3,000 vehicles in the army white fleet in Germany - is at preferred partner stage, with Ryder and its sub-contractor Peterson Howell Heather having signed contracts, subject to further successful negotiations in January.

Under the terms of the MHE project, Cowie will provide and maintain equipment that includes forklift trucks, tractors and trailers, while under the RAF white fleet contract, Lex will purchase most of the current white fleet (non-front line vehicles) used at RAF stations across the UK, numbering some 2,750 RAF cars, vans and mini-buses, and will be responsible for providing and servicing replacement vehicles.

Housing and office accommodation has also been considered acceptable for PFI treatment. Two projects for

providing managed accommodation at RAF Cosford and RAF Halton are in early stages of PFI procurement, and another £64m project to provide a joint services staff college has reached shortlist stage.

However, one bidder - led by Tarmac - has dropped out, leaving three parties in the running: Laine and Serco; the "Quality Command" consortium led by WS Atkins; and Taylor Woodrow.

Increasingly, the MoD is turning to PFI for the procurement of training services and facilities. On October 1, FBS was announced as the preferred partner in a

Tafmis is one of a number of PFI projects in which EDS has become involved

£400m programme to provide aircraft and support facilities for a helicopter flying school based across Shawbury and Middle Wallop. The FBS consortium comprises FR Aviation, Bristow Helicopters, and Serco. "It [the contract] means stability for our staff and its excellent news for our local area," says Peter Ashleigh-Thomas, the chief executive of FBS. "Overall there will be significant job increases."

One of the competitors that lost out in the bidding for the helicopter flying school, Short Brothers, is up against the FR Aviation-Serco combination again, in the bidding for a £30m project to provide flying training and support services for the RAF. The announcement of a preferred partner is expected to be made in early 1997.

Information technology is another field that appears to lend itself to PFI in every government department, the MoD being no exception. Taf-

mis, the Training Administration Financial Management Information System contract, was awarded to EDS Defence in August.

The £25m project involves the installation of an IT system to provide financial reporting and management support for the Army Individual Training Organisation.

Tafmis is one of a number of PFI projects in which EDS, the US-owned multinational, has become involved. EDS is also one of the two bidders shortlisted for the £50m project to implement a payroll system for the combined armed forces, the other bidder being Siemens.

In the IT field, the same bidders compete across every government department, and the differences between government sector become a secondary consideration.

In mid-September, for example, the Treasury announced that EDS had been awarded the seven-year contract for the provision of a new Local County Court System (LOCCS), with a £20-25m bid estimated to be about half the price of tenders submitted by its two rivals, Siemens Business Services and Sama Group. In the transport sector, EDS is a member of the Transys consortium that has been left as de facto winner of London Underground's £200m Prestige ticketing project, after the withdrawal of the other bidder Syntegra, a subsidiary of BT.

BT has stayed in the running for the Defence Fixed Telecommunications System project, estimated to be worth £1bn over the 10-year life of the contract. BT, the incumbent supplier of the system, has said nothing about its final bid for the contract, but Racal, a veteran MoD supplier acting in the "Rampart" consortium alongside Logica and WS Atkins, has made a strong pitch to win the project. A decision on the winner is imminent.

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8 PRIVATE FINANCE INITIATIVE: PROPERTY AND INDUSTRY

Property: by Simon London

New landlords take on the risk

The building and managing of government offices is being farmed out

The provision of government office accommodation is arguably the most fertile ground in which the Private Finance Initiative can take root.

The introduction of private capital into public sector property is neither new nor politically contentious. As some of the UK's largest office occupiers, government departments are keen to distance themselves from the messy business of owning and managing buildings.

Their eagerness to embrace PFI was increased earlier this year by the abolition of Property Holdings, the central agency which managed government office space. Instead, departments assumed full responsibility for their own accommodation, advised by Property Advisers to the Civil Estate, a new and much smaller agency.

Private sector bidders are also familiar with the principles of providing and servicing offices for government tenants. Unlike health or education, the skills required to build and manage offices are widely available in the private sector. The challenge has been to assemble consortia to manage projects from start to finish.

Early experience suggests that successful PFI bidders need to include skills in construction, property development, facilities management and finance.

The Exchequer Partnership selected as preferred bidder to refurbish the Treasury headquarters in Whitehall includes Stuart Lipton, the property developer, Bovis, the construction company, Chesterton, the property agent and facilities manager, and Hambros, the merchant bank.

While the Treasury contract is regarded as a PFI flagship because of its high profile, a number of provincial projects are further advanced. The Department of Social Security has chosen a consortium led by Amec, the construction group, to re-house 13,000 Contributions Agency staff in Newcastle. Tyne & Wear, in a contract worth about £150m.

On a smaller scale, the Inland Revenue announced that it had selected a consortium led by construction company Mowlem to provide a new building for 630 staff in Bootle, Merseyside. The Inland Revenue has also selected its preferred bidder to provide new build-

ings in Manchester and Stockport. Customs & Excise is close to finalising a contract in Southampton.

The unanswered question is how these contracts will be financed.

In each case the winning consortium is being asked to commit to much more than the provision of a building for fixed rental payments.

In line with the risk-transfer ethos of the PFI, private sector consortia will also provide facilities management services, and in some cases provide the government with more flexible terms than under conventional commercial property leases. These features differentiate PFI contracts from traditional property contracts, which offer landlords a predictable flow of income over as much as 25 years.

Instead, payments by the government - known in PFI jargon as accommodation charges rather than rent - will depend on the satisfactory provision of services.

This helps explain why most large landlords - such as property companies and institutional investors - have been reluctant to embrace private finance projects.

From a financing perspective, the deals have more in common with project finance.

Funding for PFI projects will have to come in several stages. Finance will be required to provide cash for the construction of new buildings. Long-term debt will have to be put in place to refinance these construction facilities once the tenant starts to pay regular



Flagship contract: the Exchequer Partnership has been selected as preferred bidder to refurbish the Treasury headquarters in Whitehall

Barbara Cook

accommodation charges.

But the structure of PFI leases means that the private sector operator can not be sure of receiving a fixed rental income. At Newcastle, for example, the DSS has demanded options to vacate buildings in future if it faces a substantial reduction in manpower.

Private sector bidders will have to decide how much of the income is reliable enough to service senior debt, with the remainder of the cost supported by mezzanine finance and equity.

Most larger transactions are likely to involve capital markets with the issue of bonds or commercial paper.

The single most ambitious property-related project is the DSS's proposal to transfer to the private sector more than 700 offices across the country. This represents virtually the entire DSS estate outside Newcastle. The contract to provide and service accommodation for

up to 25 years could be worth up to £3bn-£4bn.

The department decided to go for a "big bang" approach, rather than splitting the estate into regional packages, in the hope of providing a transaction large enough to attract international capital.

The initial response to its proposals suggests that this objective has been achieved. Four of the six bidders on its shortlist are led by overseas financial institutions.

The DSS hopes later this month to select three candidates to go forward to a final round of bidding.

It is still too early to tell whether the large-scale approach will be a success or not. So far the bidders know very little about the detailed structure of the DSS estate or the potential value of the assets. But if the department can succeed with such a large-scale transfer of assets, the implications for the UK property market could be

significant.

Other government departments are doubtless wondering whether they should follow the trail blazed by the DSS. In theory most office buildings occupied by departments could be transferred in the same way.

Large private sector office occupiers such as utilities and financial services companies must also be considering the PFI route, complete with risk transfer and flexible leases.

Industry attitudes: by Alan Pike

Public sector changes its role

PFI may see the state turning into a contractor rather than a service provider

PFI will transform more than the capital budgets of public authorities if, as is probable, it is here to stay. The spread of the initiative would further dilute the notion of public services as they were once traditionally defined - delivered by public employees from publicly-owned buildings.

It would accentuate a shift, which has been in progress since the introduction of competitive tendering, towards the public sector becoming a contractor rather than provider of services.

Monitoring contract standards is developing into a

fundamental new responsibility for public authorities, and PFI will increase pressures on the public and private sectors to plan and work together.

The impact on companies that are involved in PFI promises to be equally profound. Some of the consortia that have been set up to bid for early contracts are consolidating their individual skills within firm, lasting PFI partnerships.

It is probable that the new PFI management companies will emerge, or develop from established facilities management groups.

While PFI is an innovation in its precise form, many of the skills needed to operate public sector schemes are long-established in facilities management companies such as Serco, whose corporate

development director, David Steeds, was this month recruited as chief executive of the Private Finance Panel executive.

Increased financial capacity will also be required if

The CBI report warned that PFI was in 'urgent need of tuning'

PFI's development is not to be stunted by insufficient equity.

But PFI must first demonstrate that it is going to become a central feature of future public procurement, rather than a relatively mar-

ginal scheme.

Ministers believe it will eventually prove as influential as privatisation - and that Britain's PFI expertise will become sought-after internationally - but the business community is still waiting to be convinced.

In the summer, an influential report by the Confederation of British Industry gave unhesitating backing to the principles of PFI but warned that it was in "urgent need of tuning and better management".

The report spoke of a "deep frustration at the waste of resources occurring as both the public and private sectors scale the learning curve".

Considerable consultation took place between CBI and Treasury officials while the report was being compiled, and some industrialists

were disappointed that Kenneth Clarke, the chancellor, did not immediately pick up on its recommendations when he addressed a CBI conference that was held to coincide with its publication.

Many industrialists are warning privately that the degree of willingness to overcome the obstacles to PFI's progress shown by ministers this autumn will be vital in retaining the confidence of the business community.

The CBI report addressed both practical log-jams to PFI's growth and many of the wider issues associated with its introduction - business was deeply concerned, it warned, that PFI was being "misused as an additional excuse for the government to cut back on capital investment."



Waltham Forest Housing Trust. PFI will encourage public and private sectors to co-operate

David Jones

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- Q: Are your advisers experienced in PFI?
- Q: Can PFI contracts ever be standardised?
- Q: Has a PFI solution been tried elsewhere?
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10 PRIVATE FINANCE INITIATIVE: SCOTLAND

Taking root

Continued from page 1
The reason for these delays has been wide-ranging. For example concern by bankers that the liabilities of bankrupt trusts might not be met by government was dampened but not assuaged by emergency legislation passed by the government in March.

And while the first contracts should be signed imminently, officials acknowledge that affordability issues at several projects are now so serious that negotiations for some hospital deals are unlikely ever to be closed.

Some analysts also fear that the problems experienced by the NHS could be repeated in local government and education. "There are difficulties [in these areas] because they are very decentralised with a large number of projects being led by a large number of different bodies," warns Jason Fox, a partner at solicitors Herbert Smith.

Nevertheless, the government is confident it can avoid the pitfalls that have delayed the first hospitals by targeting flagship projects more carefully to establish successful templates.

Although many contractors believe schemes such as schools or university residences are too small to be worth spending a lot of money on full bids - John Laing for example has announced it will no longer bid for any project worth less than £30m - experiments are under way to see if several projects can be pooled to create the necessary economies of scale.

And while the present difficulties may still seem pressing, a vision of what kind of companies would best respond to a PFI-driven future is starting to emerge.

One of the most significant events of the past year has been the establishment of dedicated investment funds for PFI projects. BZW, Charterhouse and CIBC Wood Gundy have set up their own groups and the first independent PFI fund, Inisfree, closed in September after raising £85m from institutional investors.

Provided the trend continues, the introduction of

these independent equity contributions to PFI projects will allow overstretched contractors to recycle capital more rapidly. "It should end capacity constraints," says one analyst. "Contractors are really not the right people to be holding equity."

That leaves the door open for the creation of a new class of "infrastructure owning" companies driven by operators, such as big facilities management firms, rather than the contractors. Other firms with substantial experience in infrastructure and service provision, such as the privatised utilities, could also become big players in the market.

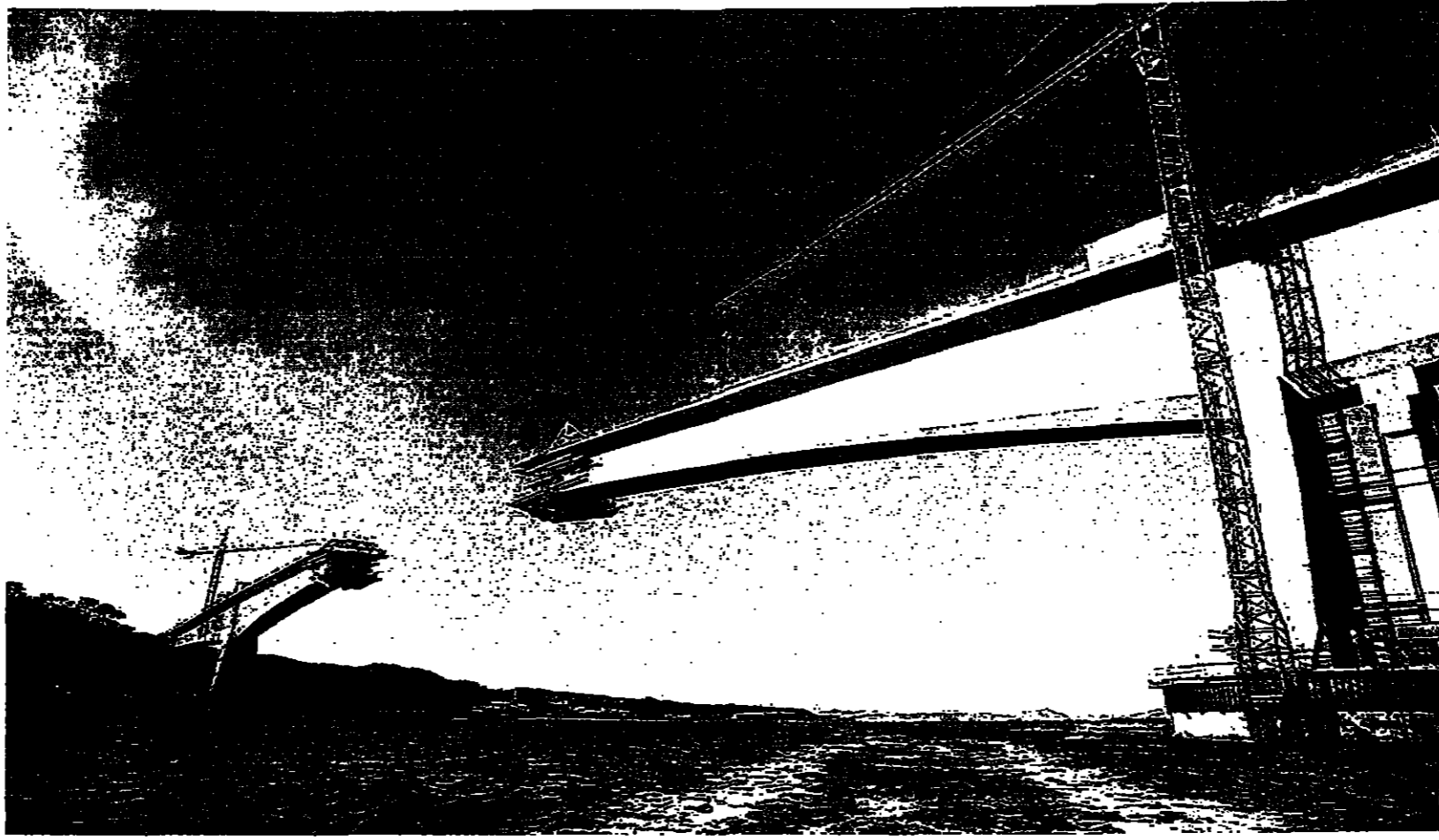
The impetus for such a development derives from the fact that while most attention focuses on the capital cost of projects, the real money in PFI is derived from the service payments.

The Treasury estimates that the potential PFI projects so far identified by the Private Finance Panel have a combined capital value of at least £25bn, compared to a Net Present Value for their cumulative service costs of between £40-60bn.

Reflecting this David Metter, managing director of Inisfree, says investors are more likely to target companies that specialise in PFI as a sector rather than individual projects. "The new wave of PFI firms is only just emerging," he says. "Ultimately they are going to represent a new asset class for institutional investors."

However, even optimists admit that the development of such companies will take some time - and is dependent on the first wave of PFI projects getting successfully up and running in all sectors. That in turn requires not only new project signings but visible success on those already under way.

Alastair Ross Goobey, chief executive of Hermes and chairman of the Private Finance Panel, says this will take time. "The critical judgment will be after five years as to whether you have got value for money in the form of services delivered more efficiently and effectively than would otherwise be the case."



A bit steep: construction of the Skye Bridge. Many people object to paying the £5.20 toll

Ashley Ashwood

■ Scotland: by James Buxton

Public image at a low point

Costly tolls on the Skye Bridge have not given PFI a good name in the country

The Skye bridge enjoyed a rare piece of good publicity the other day. The Scottish Office announced that the number of vehicles using it in its first 10 and a half months of operation was 18 per cent higher than those using the ferries before it opened, and that coach traffic was up 40 per cent.

The bridge is the first example in Scotland of the private finance initiative. It was financed by a consortium of the construction companies Miller Group of Edinburgh and Dywidag of Germany who built it, with Bank of America. Skye Bridge Ltd hopes to pay off its £25m debt in about 15

years through tolls.

But a one-way crossing by a car in summer without a season ticket costs £5.20 which on Skye is considered very steep for a bridge whose central span is only 500 metres long. Many people object to paying tolls altogether and a test appeal by a man fined for refusing to pay should come to court soon.

The Skye bridge does little for the public image of PFI in Scotland. But the main concern of construction companies, bankers and professionals in Scotland's substantial PFI industry is the long time it has taken to bring other major Scottish PFI projects to the point of signing contracts.

Scotland is seen by the government as a promising area for PFI because it is compact and because, unlike in England, most projects involve a single government

department, the Scottish Office.

Scottish construction companies and banks have risen to the opportunities both in Scotland and across the border. So have firms of solicitors such as Dundas & Wilson and Shepherd & Wedderburn, which constantly find themselves on different sides in negotiations.

Noble & Co, the Edinburgh finance house, has set up Canmore in partnership with MPM Adams, the Glasgow project managers, to specialise in facilities management contracts.

Those in the private sector expect some significant projects to go ahead in the next few months. One of them is the scheme for completing the M6/M74 motorway, which runs from the border to Glasgow.

The Scottish Office wants the final 18 miles to be built

on a design, build, finance and operate basis, with the winning consortium operating 60 miles of new motorway for 30 years. The capital value of the contract is put by the Scottish Office at £130m.

The Scottish Office is now evaluating bids resulting from the tender process and the contract is expected to be let early in the new year, with the winner likely to be either a consortium involving Laing and Tarmac, or one with Sir Robert McAlpine and Taylor Woodrow.

Scotland is unique in Great Britain in still having a publicly-owned water and sewerage industry, after the government backed away from privatising it. Instead it transferred the industry from local authorities to three new water authorities, which must now make big investments to satisfy new

EU quality standards.

The authorities are making a start. The pathfinder PFI project is a £49m scheme to provide sewage treatment services to Inverness and Fort William on a build, own and operate basis.

After long delays, caused partly by the reorganisation process, contracts should be signed shortly between the North of Scotland Water Authority and Catchment, a consortium that includes Bechtel, Morrison Construction and North West Water.

Once it is signed the pattern should have been set for two other big schemes: the £132m Almond valley trunk sewer and Seafield sludge incineration projects for East of Scotland Water Authority, and the £58m Shieldhall and Daldowie sludge treatment centres for West of Scotland Water Authority.

In the health sector con-

tracts have been let on three small projects in Scotland but the major ones have further to go and may be afflicted with the same problems of affordability that are delaying hospital PFI schemes in England.

A consortium that includes BICC, Morrison Construction and Royal Bank of Scotland has been named preferred bidder for a new hospital to replace Edinburgh's Royal Infirmary, a scheme whose capital value has been put at £180m.

For another big Edinburgh scheme - to refurbish the Western General hospital, a consortium involving Miller Group, Building and Property Facilities Management and Scottish Hydro-Electric has been named preferred bidder.

Morrison Construction, which secured a stock exchange quote last year, has made a serious effort to equip itself to win PFI contracts - it initially set up its own PFI forum and recruited former cabinet minister Lord Parkinson to chair it.

But Mike Martin, who is in charge of PFI contracts, complains about the long time it has taken to move from pre-qualifying to signing a PFI contract on a road in England. "It took about two years. We can't possibly continue with this level of time and expense," he says.

"Under the normal contract procedure it would cost Morrison only about £30,000 to bid for a £30m to £40m contract. But these early projects it is costing us about £2m.

"Half the money," he explains, "is spent putting in the bid, and the other half is spent after the bid has gone in. That is OK if by then you are the only bidder. But there is now a tendency to negotiate with two bidders which I regard as a step too far."

Jeff Thornton, head of the Royal Bank of Scotland's public sector finance group, acknowledges that "it does take an inordinate amount of time, because we are breaking new ground. The very high legal bills being paid are partly a function of the novelty. At least with DBFO on roads we are getting into our stride. Now we need progress on water and sewerage, and the government must push the hospital projects along."

"Government and cooperation are in all things the laws of life."

John Ruskin (1819-1900).

DBFO Roads

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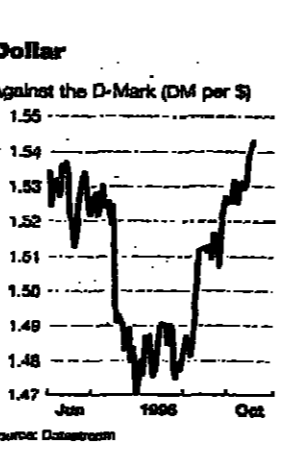
هكزان التمويل

Lebed sacking sends D-Mark sliding

The dollar reached a four-and-a-half-month high against the D-Mark in London last night after news broke that Russian President Boris Yeltsin had fired Alexander Lebed, his national security adviser.

The D-Mark tends to suffer from perceived Russian threat because of the geographic and trade links between Germany and Russia.

speeches by Bundesbank directors this week that suggested the lira had little chance of being in the first group for European monetary union.



He said that the lira and the peseta rebounded in the afternoon largely because of their own strength. The sacking of Lebed was little more than a catalyst.

figures on the dollar previously. This time people don't think there's a serious problem in Russia. The foreign exchange markets were currently tracking bond markets, which had reacted fairly calmly to the Lebed news, he added.

He believes the next barrier for sterling was DM2.47. Mr Parsons said: "At that level the balance of risk really does favour profit taking and perhaps a speculative short position."

MARKETS REPORT

Construction and Royal Bank of Scotland have named preferred bidder for a new hospital to replace St. George's Royal Infirmary, a scheme whose capital costs has been put at £100m.

EURO CURRENCY INTEREST RATES

Table showing Euro currency interest rates for various countries and currencies, including Belgium, Denmark, France, Germany, Italy, Netherlands, Spain, and Switzerland.

LIBOR FT London

Table showing LIBOR FT London rates for various currencies and terms, including Interbank, US Dollar, and Japanese Yen.

OTHER CURRENCIES

Table showing other currency rates for countries like Australia, Canada, Hong Kong, India, Israel, Japan, Korea, Malaysia, New Zealand, Philippines, Singapore, South Africa, South Korea, Taiwan, Thailand, and the UK.

EURO CURRENCY INTEREST RATES

Table showing Euro currency interest rates for various countries and currencies, including Belgium, Denmark, France, Germany, Italy, Netherlands, Spain, and Switzerland.

EURO CURRENCY INTEREST RATES

Table showing Euro currency interest rates for various countries and currencies, including Belgium, Denmark, France, Germany, Italy, Netherlands, Spain, and Switzerland.

CROSS RATES AND DERIVATIVES

Table showing exchange cross rates for various currencies including Belgium, Denmark, France, Germany, Italy, Netherlands, Spain, Sweden, Switzerland, UK, Canada, and the US.

EXCHANGE CROSS RATES

Table showing exchange cross rates for various currencies including Belgium, Denmark, France, Germany, Italy, Netherlands, Spain, Sweden, Switzerland, UK, Canada, and the US.

JAPANESE YEN FUTURES

Table showing Japanese Yen futures rates for various terms and currencies.

STERLING FUTURES

Table showing Sterling futures rates for various terms and currencies.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit rates for various currencies.

NON ERM MEMBERS

Table showing non-ERM member rates for various currencies.

UK INTEREST RATES

Table showing UK interest rates for various terms and currencies.

SWISS FRANC FUTURES

Table showing Swiss Franc futures rates for various terms and currencies.

SHORT STERLING OPTIONS

Table showing short Sterling options rates for various terms and currencies.

THREE MONTH STERLING FUTURES

Table showing three-month Sterling futures rates for various terms and currencies.

THREE MONTH EURO-DOLLAR

Table showing three-month Euro-Dollar rates for various terms and currencies.

US TREASURY BILL FUTURES

Table showing US Treasury Bill futures rates for various terms and currencies.

BASE LENDING RATES

Table showing base lending rates for various banks and currencies.

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WORLD INTEREST RATES

Table showing world interest rates for various countries and currencies.

LIBOR FT London

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OTHER CURRENCIES

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Table showing Euro currency interest rates for various countries and currencies.

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Table showing Euro currency interest rates for various countries and currencies.

Vertical text on the left margin including 'OCTOBER 18 1996', 'ion ife.', 'FO Roads', 'Limited', 'Whitehall', 'ANK', 'nt - nent', '18 October 1996'.

European Investment Bank Italian Lira 500 Billion Floating Rate Notes due July 1997. Notice to the Holders. Includes contact information for Luxembourg, October 18, 1996.

PERUSAHAAN PERSEORA (PERSERO) P.T. Bank Negara Indonesia, Hong Kong Branch. USD 151,500,000 FRN due 1997. Interest Rate: 6.875%.

BARCLAYS INVESTMENT FUNDS (LUXEMBOURG) Société d'Investissement à Capital Variable 'The Company' Registered Office: Calcutta House, 4th Floor, 20 place de la Gare, L-1510 LUXEMBOURG.

NOTICE OF ANNUAL GENERAL MEETING The Annual General Meeting of Shareholders is to be held at the registered office of the Company on Friday 15th November 1996 at 11.30am (or as soon thereafter as it may be held) for the following purposes:

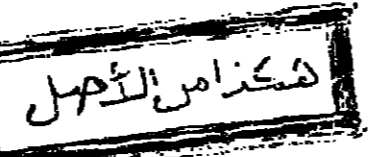
TOKYO INTERNATIONAL GOOD LIVING SHOW '97 Tokyo Big Sight, Tokyo, Japan - Tokyo International Exhibition Center From April 23 to 27, 1997. Includes contact information for Tokyo, Japan.

ABB International Finance N.V. Collateral Floating Rate Note due 2003. For the interest period from 15th July 1996 to 31st October 1996, the Note will carry a Rate of Interest of 6.00 per cent.

U.S. \$200,000 Exterior International Limited (Incorporated with limited liability in the Cayman Islands) Guaranteed Floating Rate Note due 2001.

GENCOR LIMITED (Incorporated in the Republic of South Africa) Registration Number: 01/012320/66 ANNUAL GENERAL MEETING

GENCOR LIMITED (Incorporated in the Republic of South Africa) Registration Number: 01/012320/66 ANNUAL GENERAL MEETING The 97th Annual General Meeting of the members of Gencor Limited will be held in the Auditorium, first floor, 6 Holland Street, Johannesburg, on Monday, 11 November 1996 at 10.00.



FT MANAGED FUNDS SERVICE

FT Cityview Ltd. Trust Prices are available over the telephone. Call the FT Cityview Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing various offshore funds under Bermuda (SIB Recognised) with columns for Name, ISIN, and Price.

BERMUDA (REGULATED)**

Table listing various offshore funds under Bermuda (Regulated) with columns for Name, ISIN, and Price.

GUERNSEY (SIB RECOGNISED)

Table listing various offshore funds under Guernsey (SIB Recognised) with columns for Name, ISIN, and Price.

GUERNSEY (REGULATED)**

Table listing various offshore funds under Guernsey (Regulated) with columns for Name, ISIN, and Price.

IRELAND (SIB RECOGNISED)

Table listing various offshore funds under Ireland (SIB Recognised) with columns for Name, ISIN, and Price.

IRELAND (REGULATED)**

Table listing various offshore funds under Ireland (Regulated) with columns for Name, ISIN, and Price.

NET AMOUNT MANAGEMENT LTD - CONTINUED

Table listing various offshore funds under Net Amount Management Ltd - Continued with columns for Name, ISIN, and Price.

NET AMOUNT MANAGEMENT LTD - CONTINUED

Table listing various offshore funds under Net Amount Management Ltd - Continued with columns for Name, ISIN, and Price.

ADON INTERNATIONAL FUNDS PLC

Table listing various offshore funds under Adon International Funds PLC with columns for Name, ISIN, and Price.

ADON INTERNATIONAL FUNDS PLC

Table listing various offshore funds under Adon International Funds PLC with columns for Name, ISIN, and Price.

HARRISON INVESTMENT LTD

Table listing various offshore funds under Harrison Investment Ltd with columns for Name, ISIN, and Price.

HARRISON INVESTMENT LTD

Table listing various offshore funds under Harrison Investment Ltd with columns for Name, ISIN, and Price.

UNDER BANK INVESTMENT SERVICES

Table listing various offshore funds under Under Bank Investment Services with columns for Name, ISIN, and Price.

UNDER BANK INVESTMENT SERVICES

Table listing various offshore funds under Under Bank Investment Services with columns for Name, ISIN, and Price.

ISLE OF MAN (SIB RECOGNISED)

Table listing various offshore funds under Isle of Man (SIB Recognised) with columns for Name, ISIN, and Price.

ISLE OF MAN (REGULATED)**

Table listing various offshore funds under Isle of Man (Regulated) with columns for Name, ISIN, and Price.

JERSEY (REGULATED)**

Table listing various offshore funds under Jersey (Regulated) with columns for Name, ISIN, and Price.

JERSEY (SIB RECOGNISED)

Table listing various offshore funds under Jersey (SIB Recognised) with columns for Name, ISIN, and Price.

Report warns on cuts in EU tariffs. By Maggie Urry. Cuts in tariffs over the 12 years will put the "pean Union's duty according to a report by Sir John Roberts, a former Secretary of State for Trade. The report concludes that "increased imports from EU from the world could seriously harm milk prices within the EU. Tariff reductions agreed as part of the Uruguay Round of GATT, the Trade Organisation, will fall in under the next few years depending on negotiations due to begin in 1997. Mr Roberts called for options for EU milk farmers. Without compensation, it would result in a fall of 30 per cent in farmers' margins over 12 years. The first would be to maintain the current level for as long as possible. Roberts says this option most farmers would support. It would be accompanied by increases, or in other words, that gradual price that would be unlikely to be the only long-term solution, he said. The third option would be a system of B-quota which exports production into the world market, while maintaining the duty to maintain the dairy base. However, Mr Roberts says these exports would be subject to a world price, which would fluctuate with the market, and might not be profitable with GATT.

SSWORD DANTE. A vertical advertisement for a sword brand, featuring the name 'SSWORD DANTE' in a stylized font.

The Financial Times plans to publish a Survey on Norway on Monday, December 2. This Survey will focus on the economic and political situation in Norway and will feature the following: Banking, Oil Industry Shipping, Government, Foreign Relations and Onshore Industry. For advertising information please call: Kirsty Saunders in London Tel: +44(0)171 873 4823 Fax: +44(0)171 873 3204. John Monn in Oslo Tel: +47 2241 0707 Fax: +47 2233 0505 or your usual financial times representative.

Table listing various offshore funds under Norway with columns for Name, ISIN, and Price.

The Financial Times plans to publish a Survey on Norway on Monday, December 2. This Survey will focus on the economic and political situation in Norway and will feature the following: Banking, Oil Industry Shipping, Government, Foreign Relations and Onshore Industry. For advertising information please call: Kirsty Saunders in London Tel: +44(0)171 873 4823 Fax: +44(0)171 873 3204. John Monn in Oslo Tel: +47 2241 0707 Fax: +47 2233 0505 or your usual financial times representative.

Table listing various offshore funds under Norway with columns for Name, ISIN, and Price.

DAY OCTOBER IN 1996

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FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 171) 873 4878 for more details.

Offshore Insurances and Other Funds

Main table containing fund names, prices, and performance metrics. Includes sub-sections for 'OTHER OFFSHORE FUNDS' and 'MANAGED FUNDS NOTES'.

SEND US YOUR OWN PAPERCLIP. And while you are at it, please attach your cheque to fund more Macmillan Nurses in the fight against cancer. (Did you know over one million people are living with it?)

THE Macmillan APPEAL. Cancer Relief Macmillan Fund exists to support people with cancer and their families. Regd. Charity No. 261017

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

Notes and details for various funds, including performance data and contact information for the FT Cityline Help Desk.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector with columns for company name, price, and change.

BANKS, MERCHANT

Table listing companies in the Banks, Merchant sector with columns for company name, price, and change.

BANKS, RETAIL

Table listing companies in the Banks, Retail sector with columns for company name, price, and change.

BREWERIES, PUBS & REST

Table listing companies in the Breweries, Pubs & Rest sector with columns for company name, price, and change.

BUILDING & CONSTRUCTION

Table listing companies in the Building & Construction sector with columns for company name, price, and change.

BUILDING MATS. & MERCHANTS

Table listing companies in the Building Mats. & Merchants sector with columns for company name, price, and change.

CHEMICALS

Table listing companies in the Chemicals sector with columns for company name, price, and change.

CHEMICALS - Cont.

Continuation of Chemicals sector table.

DISTRIBUTORS

Table listing companies in the Distributors sector with columns for company name, price, and change.

DIVERSIFIED INDUSTRIALS

Table listing companies in the Diversified Industrials sector with columns for company name, price, and change.

ELECTRICITY

Table listing companies in the Electricity sector with columns for company name, price, and change.

ELECTRONIC & ELECTRICAL EQPT

Table listing companies in the Electronic & Electrical Eqpt sector with columns for company name, price, and change.

ELECTRONIC & ELECTRICAL EQPT

Continuation of Electronic & Electrical Eqpt sector table.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector with columns for company name, price, and change.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Continuation of Electronic & Electrical Eqpt - Cont. table.

ENGINEERING

Table listing companies in the Engineering sector with columns for company name, price, and change.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector with columns for company name, price, and change.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector with columns for company name, price, and change.

EXTRACTIVE INDUSTRIES

Continuation of Extractive Industries sector table.

EXTRACTIVE INDUSTRIES

Continuation of Extractive Industries sector table.

EXTRACTIVE INDUSTRIES

Continuation of Extractive Industries sector table.

EXTRACTIVE INDUSTRIES - Cont.

Continuation of Extractive Industries - Cont. table.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector with columns for company name, price, and change.

EXTRACTIVE INDUSTRIES

Continuation of Extractive Industries sector table.

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Continuation of Extractive Industries sector table.

EXTRACTIVE INDUSTRIES

Continuation of Extractive Industries sector table.

HOUSEHOLD GOODS - Cont.

Continuation of Household Goods - Cont. table.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector with columns for company name, price, and change.

HOUSEHOLD GOODS

Continuation of Household Goods sector table.

HOUSEHOLD GOODS

Continuation of Household Goods sector table.

HOUSEHOLD GOODS

Continuation of Household Goods sector table.

HOUSEHOLD GOODS

Continuation of Household Goods sector table.

HOUSEHOLD GOODS

Continuation of Household Goods sector table.

INVESTMENT TRUSTS - Cont.

Continuation of Investment Trusts - Cont. table.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Continuation of Investment Trusts sector table.

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Continuation of Investment Trusts sector table.

INVESTMENT TRUSTS

Continuation of Investment Trusts sector table.

Rockwell's advanced technology is helping railroads improve performance and promote safety. Rockwell logo.

ENGINEERING - Cont.

Continuation of Engineering - Cont. table.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector with columns for company name, price, and change.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector with columns for company name, price, and change.

FOOD PRODUCERS - Cont.

Continuation of Food Producers - Cont. table.

FOOD PRODUCERS

Table listing companies in the Food Producers sector with columns for company name, price, and change.

FOOD PRODUCERS

Continuation of Food Producers sector table.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector with columns for company name, price, and change.

HOUSEHOLD GOODS

Continuation of Household Goods sector table.

HOUSEHOLD GOODS

Continuation of Household Goods sector table.

INVESTMENT TRUSTS

Table listing companies in the Investment Trusts sector with columns for company name, price, and change.

INVESTMENT TRUSTS

Continuation of Investment Trusts sector table.

INVESTMENT TRUSTS

Continuation of Investment Trusts sector table.

مركز العمل

LONDON SHARE SERVICE

MY TRUSTS SPLIT CAPITAL - Cont.

Table listing various trusts and their financial details, including names like 'The British Trust for Ornithology' and 'The British Trust for Applied Science'.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies such as 'The Rank Group' and 'The Travel Company'.

PAPER, PACKAGING & PRINTING - Cont.

Table listing companies in the paper, packaging, and printing industry, including 'The News Corporation' and 'The Times Group'.

RETAILERS, FOOD

Table listing retailers and food companies like 'Sainsbury's' and 'M&S'.

TELECOMMUNICATIONS - Cont.

Table listing telecommunications companies such as 'British Telecom' and 'Telecom Italia'.

AIM - Cont.

Table listing companies on the Alternative Investment Market (AIM).

TEXTILES & APPAREL

Table listing companies in the textiles and apparel industry.

LIFE ASSURANCE

Table listing life assurance companies.

MEDIA

Table listing media companies.

PHARMACEUTICALS

Table listing pharmaceutical companies.

RETAILERS, GENERAL

Table listing general retailers.

TOBACCO

Table listing tobacco companies.

TRANSPORT

Table listing transport companies.

SUPPORT SERVICES

Table listing support service companies.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies.

INVESTMENT COMPANIES

Table listing investment companies.

OIL, INTEGRATED

Table listing integrated oil companies.

OTHER FINANCIAL

Table listing other financial companies.

LEISURE & HOTELS

Table listing leisure and hotel companies.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies.

PROPERTY - Cont.

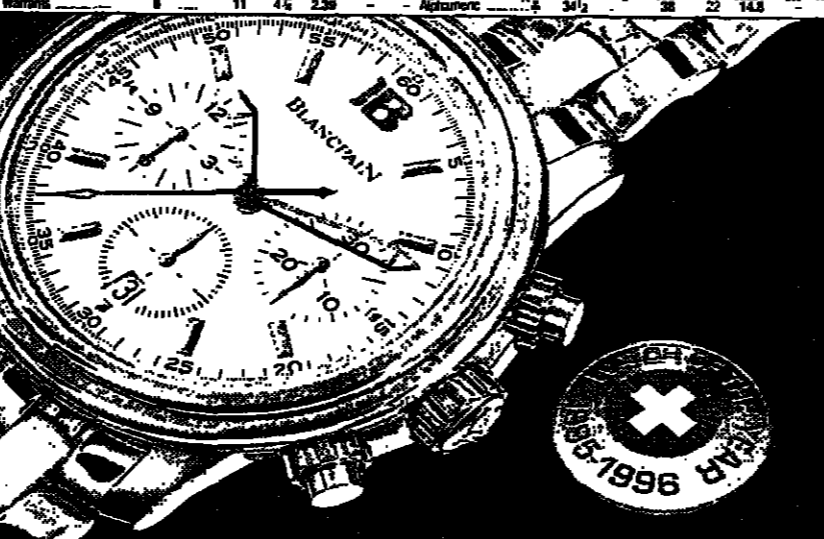
Table listing property companies.

SUPPORT SERVICES - Cont.

Table listing support service companies.

AIM

Table listing companies on the AIM.



GUIDE TO LONDON SHARE SERVICE

Price for the London Share Service delivered by post, part of Financial Times Information. Company classifications are based on those used for the FTSE Actuaries Share Indices report.

FT Free Annual Reports Service

You can obtain the current annual reports of any company associated with FT. Please quote the code FT973. Ring 0181 770 0770 (open 24 hours including weekends) or Fax 0181 770 3822.

FT Company Focus / Focus Plus

A 15-18 page report available on request from this company, containing key news stories from the last year, latest survey of City profit forecasts and investment recommendations.

LONDON STOCK EXCHANGE

Firm Wall St and more bid hints lift equities

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

A fresh burst of takeover speculation, coming on top of the good recovery on Wall Street overnight and the US market's opening strength yesterday, helped London's equity market recoup much of the ground lost on Wednesday.

Atlantic, where a bigger than expected fall in US housing starts in September and a rise in weekly jobless claims prompted a firm opening by US Treasury bonds, which in turn lifted the Dow Jones Industrial Average.

There was some uneasiness at the concentration of buying interest in the leaders at the expense of the FTSE 250 and SmallCap stocks. The 250 settled 5.9 up at 4,444.1 and the SmallCap 3.2 firmer at 2,182.1.

many taking the view that there was a strong possibility of a good run towards the end of the year. "We didn't panic when Wall Street was on the way down yesterday, when the domestic institutions preferred to sit back and see how the Dow would finish," said one marketmaker.

speculation were powerful driving forces behind Guardian Royal Exchange, the composite insurer. The big takeover story of the day centred on Zeneca, the drugs group, whose shares spiralled upwards amid renewed talk of a bid from Roche.

Keen US buyers of Reuters

Reuters Holdings, the news and financial information group, surprised the market with a sharp spike in the shares shortly before the close of trading yesterday.

forecasts and that compares with Eli Lilly on 21.2 times and Pfizer on 24 times. The US majors are reporting this week and coming up with encouraging figures.

Mr Nick Ward of Credit Lyonnais Laing said Pearson's share price would tread water until there was either better earnings growth or disposals.

prefer stocks to be below £10. Any split would increase liquidity and thus tend to encourage buyers.

tumbled 12p to 29p after the company warned of a poor second-quarter performance. Mining group RTZ shed 5p to 97p on news of a strike at its Kennecott copper smelter in Utah.

This heralds a big presentation to analysts on Tuesday about the company's UK and Irish operations.

Zeneca broke through the £17 barrier as vague speculation combined with fundamental attractions to send the shares up 3 1/2 to 172 1/2 - a new closing peak.

Barclays touched a new year's high after a string of orders and a seminar for institutional investors and analysts. The shares gained 10p to 98p.

Asda hardened 1p to 113p on trade of 60m. Analysts said that Asda, the most often retailer, would gain benefit from improving petrol margins, and the market was realising Tesco's price initiative was not going to affect Asda as badly as first perceived.

London recent issues: Equities. Issue Amt. Mkt. price paid. 1996. P. U. High Low.

Manchester on Tuesday, November 12. For further information on advertising and full editorial synopsis, please contact: Pat Looker Tel: 0161 834 9361. Fax: 0161 832 9248.

Global real-time financial data direct to your PC. Stocks, Currencies, Bonds, Derivatives and News. Special offer on equipment. Find us @ www.tenfore.co.uk. Call us on +44 (0) 171 405 4541.

COMPAGNIE GENERALE DES ETABLISSEMENTS MICHELIN. 12, cours Sablon - Clermont-Ferrand - (Puy-de-Dôme) - France. FRF 1,500,000,000 6 per cent convertible bonds due 1998.

NOTICE TO BONDHOLDERS OF McDONALD'S CORPORATION. French Francs 1,000,000,000 6.75% Bonds due 2006. In accordance with the Description of the Bonds of the Issue, notice is hereby given that the Company has appointed an additional Paying Agent in London which is, as from October 18, 1996: J.P. MORGAN SECURITIES LTD.

The United Mexican States Collateralized Floating Rate Bonds Due 2018. NOTICE IS HEREBY GIVEN that the interest rates covering the interest period from October 18, 1996 to April 18, 1997 are detailed below:

GBP 10,000,000 YORKSHIRE BUILDING SOCIETY Floating Rate Subordinated Notes due 1999. Interest Rate 6.73-438% Interest Period October 15, 1996 January 15, 1997 Interest Amount due on January 15, 1997 GBP 1,697.43

GIVE US A STAPLE. And don't forget to add your cheque to fund more Macmillan Nurses to help 1,000,000 people living with cancer. (1 in 3 of us will get cancer). Cheque amount £..... made out to 'CRMF (FB)'. Please send to: CRMF FREEPOST LONDON SW3 3BR.

PERUSAHAAN PERSEROAN (PERSERO). PT. Bank Negara Indonesia, Hong Kong Branch. USD 151,500,000 FRN due 1997 Interest Rate: 6.687% Interest Period: From 18/01/1996 to 18/04/1997.



Indices and ratios. FTSE 100 4042.1 +17.7 FTSE 250 4444.1 +6.9 FTSE 350 2003.6 +7.5 FTSE All-Share 1882.4 +7.05 FTSE All-Share yield 3.73 3.74

FTSE 100 INDEX FUTURES (LIFPS) 225 per full index point. Dec 4082.0 4088.0 +13.0 4077.0 4054.0 14479 832771 Jan 4085.0 4081.0 -13.0 4055.0 4065.0 0 328

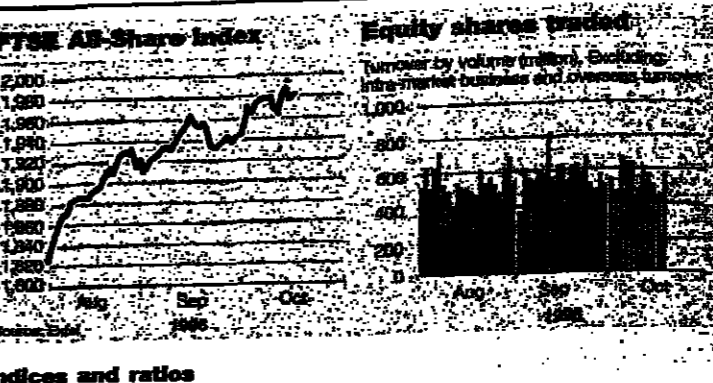
FT GOLD MINES INDEX. Oct 18 day 18. 1996. High Low. Gold Mines Index (21) 1887.36 -0.8 1888.28 1884.7 1.82 -2823.78 1722.03

FTSE Actuarial Share Indices. The UK Series. Oct 17 change. Day's change. Oct 16 Oct 15 Oct 14 Year ago Div. Net P/E Xd adj. Total

FTSE 350 Industry baskets. Oct 17 change. Oct 16 Oct 15 Oct 14 Year ago Div. Net P/E Xd adj. Total

Hourly movements. FTSE 100 4032.9 4037.7 4040.9 4038.9 4036.7 4041.1 4038.8 4041.8 4044.3 4031.1

FTSE 350 Industry baskets. Bid & Chebon 1191.8 1191.8 1191.3 1191.0 1190.8 1190.6 1190.8 1191.1 1191.4 -0.3



Indices and ratios. FTSE 100 4042.1 +17.7 FTSE 250 4444.1 +6.9 FTSE 350 2003.6 +7.5 FTSE All-Share 1882.4 +7.05 FTSE All-Share yield 3.73 3.74

FTSE 100 INDEX OPTION (LIFPS) 225 per full index point. Dec 4082.0 4088.0 +13.0 4077.0 4054.0 14479 832771 Jan 4085.0 4081.0 -13.0 4055.0 4065.0 0 328

FTSE Actuarial Share Indices. The UK Series. Oct 17 change. Day's change. Oct 16 Oct 15 Oct 14 Year ago Div. Net P/E Xd adj. Total

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Hourly movements. FTSE 100 4032.9 4037.7 4040.9 4038.9 4036.7 4041.1 4038.8 4041.8 4044.3 4031.1

FTSE 350 Industry baskets. Bid & Chebon 1191.8 1191.8 1191.3 1191.0 1190.8 1190.6 1190.8 1191.1 1191.4 -0.3

FTSE INTERNATIONAL logo and contact information.

TRADING VOLUME. Major Stocks Yesterday. Volume. Change. Bid. Offer. Bid. Offer. Bid. Offer. Bid. Offer.

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

Table of stock market data for Europe, including indices like FTSE 100 and various regional market performance metrics.

Table of stock market data for Asia, including indices like Nikkei 225 and regional market performance metrics.

Table of stock market data for Latin America, including indices like Ibovespa and regional market performance metrics.

Table of stock market data for Africa, including indices like All Share and regional market performance metrics.

Table of stock market data for Oceania, including indices like All Ordinaries and regional market performance metrics.

Table of stock market data for the Middle East, including indices like Tel Aviv 100 and regional market performance metrics.

Table of stock market data for Europe (continued), listing individual stocks and their prices.

Table of stock market data for Asia (continued), listing individual stocks and their prices.

Table of stock market data for Latin America (continued), listing individual stocks and their prices.

Table of stock market data for Africa (continued), listing individual stocks and their prices.

Table of stock market data for Oceania (continued), listing individual stocks and their prices.

Table of stock market data for the Middle East (continued), listing individual stocks and their prices.

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Table of stock market data for Africa (continued), listing individual stocks and their prices.

Table of stock market data for Oceania (continued), listing individual stocks and their prices.

Table of stock market data for the Middle East (continued), listing individual stocks and their prices.

Advertisement for Peregrine, featuring the text 'Money Talks In Asia' and 'We speak Asia's language. Peregrine is a leader in Asian corporate and project finance, direct investment and asset management.'

Table of stock market indices, showing values for various regional and global indices.

Table of stock market indices (continued), showing values for various regional and global indices.

Table of stock market indices (continued), showing values for various regional and global indices.

Table of US stock market indices, including Dow Jones, S&P 500, and NASDAQ.

Table of US stock market indices (continued), including Dow Jones, S&P 500, and NASDAQ.

Table of US stock market indices (continued), including Dow Jones, S&P 500, and NASDAQ.

Table of Australian stock market indices, including All Ordinaries and ASX 200.

Table of Australian stock market indices (continued), including All Ordinaries and ASX 200.

Table of Australian stock market indices (continued), including All Ordinaries and ASX 200.

Table of South African stock market indices, including All Share and JSE 200.

Table of South African stock market indices (continued), including All Share and JSE 200.

Table of South African stock market indices (continued), including All Share and JSE 200.

Footnote and disclaimer text at the bottom of the page, including 'WORLD STOCK MARKETS' and 'INDICES'.

NEW YORK STOCK EXCHANGE PRICES

Main table of stock prices with columns for stock name, price, and change. Includes sections for ALCO, BANK, and various individual stocks.

Advertisement for Hewlett-Packard with the text 'Reach for it. If the business decisions are yours, the computer system should be ours.' and the HP logo.



NYSE PRICES

NASDAQ NATIONAL MARKET

Table of NYSE stock prices including columns for stock name, price, change, and volume. Includes sub-sections for FT 100, FT 500, and FT 1000.

Main table of NYSE stock prices with columns for stock name, price, change, and volume. Includes sub-sections for FT 100, FT 500, and FT 1000.

Table of NASDAQ National Market stock prices with columns for stock name, price, change, and volume.

Table of NASDAQ National Market stock prices with columns for stock name, price, change, and volume.

AMEX PRICES

Table of AMEX stock prices with columns for stock name, price, change, and volume.

Table of AMEX stock prices with columns for stock name, price, change, and volume.

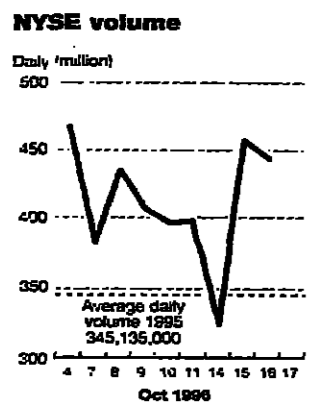
Table of AMEX stock prices with columns for stock name, price, change, and volume.

Table of AMEX stock prices with columns for stock name, price, change, and volume.

Advertisement for 'Portugal' featuring the headline 'Have your FT hand delivered in Portugal' and text about business news delivery services.

Bond gains help Dow to rise further

A rising bond market helped most US shares to add to Wednesday's gains at mid-session, in spite of continued declines in the high technology area...



Wednesday's record stock. The American Stock Exchange composite was off 0.04 at 576.48. Volume on the NYSE came to 279m shares.

The technology-rich Nasdaq composite slipped 0.57 at 1,245.02 as several of its largest issues, most of which are trading near all-time highs, gave up some ground.

Caracas remains thin

CARACAS was flat in thin trade, writes Peter Hall, the IBC index falling 6.95, or 0.12 per cent, to 5,827.69 at mid-session.

S Africa picks up from lows

Johannesburg closed off its worst levels in fairly active trade, with industrial retracing some losses on US economic data and golds down on a weak bullion price.

maker fell into the red earlier this year and was not expected to reverse its fortunes before 1997.

Orinda HealthCorp edged up 5/8 at \$27 1/2 on news that it had agreed to be acquired by a rival hospital management company, Tenet Healthcare, in a deal valued at about \$1.7bn.

Shares in Cameco dropped C\$4.95 to C\$61.50 after a broker's pessimistic report on the uranium company.

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EUROPE

Lagarde lit up the PARIS bourse, celebrating its Thomson victory in champagne style. Its shares, suspended twice limit-up, hit FF175 at peak before closing FF31.50, or 23.7 per cent, higher at FF164.80.

The bourse itself was rescued by Wall Street from early depression engendered by the day's spate of one-day strikes. The CAC-40 index, apparently untroubled by the Lebed sacking in Russia, closed the merest fraction below its day's peak at 2,165.81, up 6.81 in heavy turnover of FF6.25bn.

The rationale for Lagarde included the FF11bn recapitalisation which the French government is putting into the deal. This made it attractive in financial as well as industrial terms, said Mr Jean-Hughes de Lamaze at CS First Boston who, like other analysts, saw potential for some lucrative dismemberment of the enlarged group.

A part which is likely to be kept, Thomson-CSF, fell FF2.90, or 1.8 per cent, to FF158.30. Lagarde said on Monday that it would offer to buy in the Thomson-CSF minority, but only at FF156 a share. However, SGS-

FTSE Actuaries Share Indices

Table with columns for Oct 17, Oct 16, Oct 15, Oct 14, Oct 11, Oct 10. Rows include FTSE Actuaries 100, FTSE Actuaries 200, FTSE Actuaries 300, FTSE Actuaries 400, FTSE Actuaries 500, FTSE Actuaries 600, FTSE Actuaries 700, FTSE Actuaries 800, FTSE Actuaries 900, FTSE Actuaries 1000.

Thomson, its semiconductor associate, caught some of the general excitement and leapt FF24.80, or 9.4 per cent, to FF285.50.

Meanwhile, Alcatel, which rose 2.4 per cent on Monday on its failure to win the Thomson bidding, rose further to close FF6.80, or 1.5 per cent higher, at FF462.50.

There were contrasts in the automotive sector, where Daimler climbed DM1.82, or 2.1 per cent, to DM8.95, but Volkswagen fell DM2.75 to

DM584. Daimler was helped by signals from the company that it was moving back to its roots as a transportation group.

Another big faller was Adidas, the sportswear group, DM3.90, or 2.7 per cent, lower at DM142. The stock fell earlier this year by its exposure at a series of global sporting events, had come back from a peak of DM155 just seven days before.

ZURICH finished marginally higher, but once again found the SMI's 3,800 level an unassailable hurdle and the index finished 3.0 ahead at 3,793.2.

Sulzer, strong in recent sessions in the run up to yesterday's press conference, picked up another SF2 to SF762 as the company said that it was to cut 950 jobs at its Sulzer Rueti weaving machine business. Analysts said that lower group profit expectations had prompted some selling which limited the day's rise.

Ciba and Sandoz saw renewed demand from US and British investors after the recent weak streak, which included switching into Roche after its upbeat sales and profits figures. Ciba picked up SF2 to SF1,591 and Sandoz was SF3 higher at SF1,497.

MILAN ended a day of largely technical trading with the Comit index 2.93 lower at 616.61, but the real time Mibtel index 59 higher at 9,885.

Montedison held above the L1,000 level as analysts pointed to its anti-cyclical strengths and how it would gain from a fall in interest rates. The share finished L16.7 higher at L1,016.

Fiat recovered L77 to L4,085 after hitting lows earlier in the week on concern over weakness in the domestic car market.

Olivetti held on to a L5.7 advance to L477.4 after Mediaset denied press reports that it was interested in taking over the troubled information technology group. Mediaset rose L36 to L7,319.

AMSTERDAM featured the biotech company, Artu, and the CD production systems maker, Toolex Alpha, as the AEX index closed 0.74 lower at 599.74.

Artu rose another FI 1.50 to FI 10.50, having doubled this month in volumes well in excess of an earlier average of around 20,000 shares a day. Some dealers said that a Dutch investment magazine had tipped the stock.

Toolex, however, fell FI 8.80 to FI23.60 after it warned of a slowdown in orders. The bourse cancelled all trades in the shares before 1330 GMT, citing "inequality of information" ahead of the warning.

Lagarde lights up Paris bourse

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HELSINKI was confused by the Lebed affair, but it still closed with the Hex index 13.9 higher at 2,296.1.

The market fielded a raft of eight-monthly results. Within these, Rauma, the engineer, fell FM5 to FM36, although it reported a 16 per cent increase in profits, but Metsa-Seria, in forestry, climbed 60 penni to FM29.50 as it talked of a focusing on core businesses.

Written and edited by William Cochrane and Michael Morgan

Mr Philip Poole at ING-Barings said that since Mr Lebed had insisted that he remained a potential presidential candidate, there had been no change in the political risk. He maintained that, from the varied perspectives of the relationship between debt and equity prices, fundamental considerations and market technicals, Russia still looked good value.

Mr James Cornish at NatWest Markets, also upbeat on the longer term outlook for Russian equities, said little was known about Mr Lebed's views on economic affairs.

However, his main adviser did not appear to favour swift economic reform. "Mr Lebed's departure will not harm the current course of economic policy. He may remain a presidential candidate, but the circumstances of his departure are unlikely to add to his popularity."

New Zealand stages fifth gain in a row

Growing poll indications that the conservative LDP might win a majority lifted stocks in sectors such as construction, civil engineering and private equity, which were expected to benefit from the party's promised \$5,000bn stimulus package.

Among construction issues, Shimizu rose Y20 to Y1,100 and Kajima Y10 to Y1,040. In real estate, Mitsui Fudosan moved up Y10 to Y1,490 and Mitsubishi Estate Y30 to Y1,520.

Retailers lost ground, in spite of favourable department store sales figures for September. Isetan lost Y20 to Y1,560 and Mitsukoshi Y10 to Y1,060. However, the supermarket operator, Ito-Yokado, eased only Y20 to Y6,000 on reports of a 4.9 per cent fall in its half-year profits to September.

Japan's two leading airlines were hit by news that they were planning new discounted domestic flight services. Japan Airlines, still suffering from reports that it will shortly announce a decline in first-class profits, dipped a further Y10 to Y697. All Nippon Airways fell Y10 to Y1,000.

Keisei Electric Railways, a leading shareholder in Oriental Land, which operates Tokyo Disneyland, was the most actively traded stock of the day, surging Y40 to Y1,170 on expectations of the imminent listing of Oriental Land.

In Osaka, the OSE average rose 6.37 to 21,928.14, in volume of 16.04m shares. Roland Corp soared Y400, or 20 per cent, to Y2,400 on news that the maker of electronic keyboard instruments would provide Microsoft with digital data for musical sounds to be used in personal computer software.

SEOUL was dominated by Daewoo Electronics on news that it was to buy the French consumer electronics maker, Thomson Multimedia, from Lagardere. Daewoo Electronics ended limit-high at Won7,420, up

Won420. Daewoo Heavy Industries gained Won300 to Won7,300. Daewoo Corp Won280 to Won7,690 and Daewoo Telecom Won500 to Won10,800. The broader market was pulled back by late profit-taking and the composite index ended 4.56 better at 839.73.

BANGKOK extended its technical rebound into a second day as investors shrugged off the central bank's postponement of measures to limit the amount of foreign loans that offshore units of foreign and local banks could import for domestic lending.

The SET index closed 12.78 higher at 929.61 in turnover of Bt3.5bn. Bangkok Bank, Thailand's largest commercial bank, topped the active list, gaining Bt3 to Bt188.

National Finance and Securities gained Bt2.50 to Bt51.50 and Advanced Info Service surged Bt22 to Bt382.

HONG KONG survived bouts of profit-taking and rallied to a higher close, led by continued strength in banks. The Hang Seng Index closed 40.62 higher at 12,436.80, turnover dipping to a still healthy HK\$6.9bn.

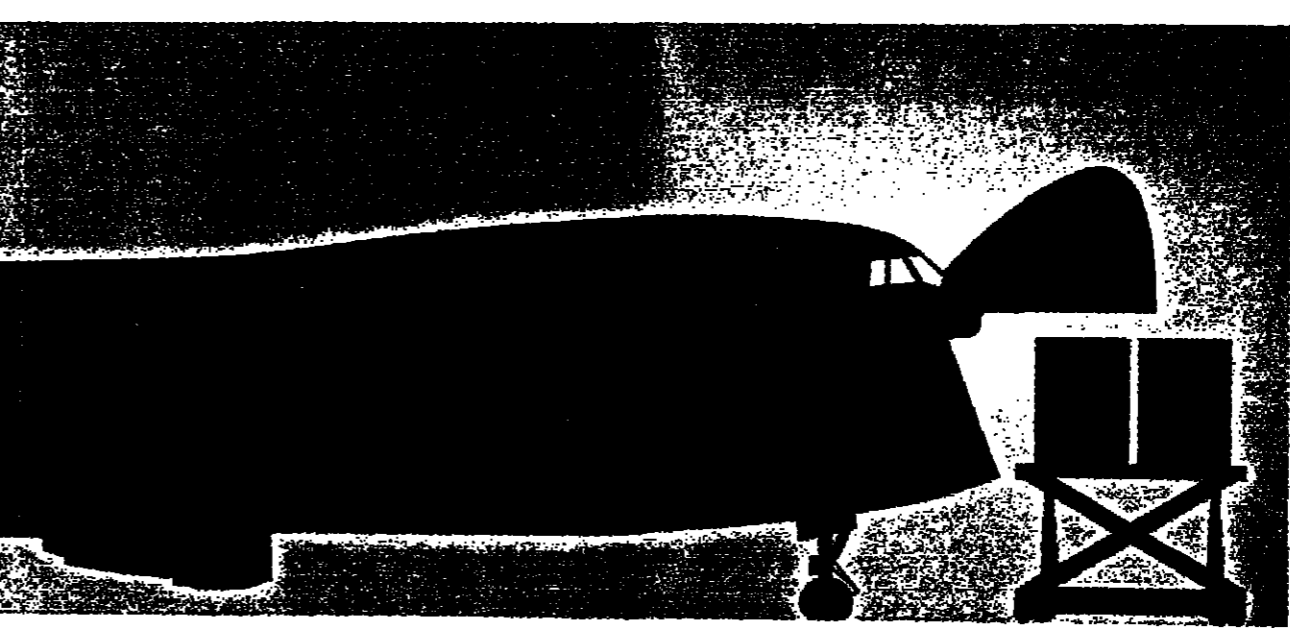
HSBC closed up HK\$1.50 at HK\$153 after matching its all-time intra-day high of HK\$153.50. Analysts noted that share had outperformed the market by about 8 per cent over the past 12 months.

Sun Hung Kai, which resumed trading on Thursday, fell HK\$0.30 to HK\$2.10 following its announcement of a two-for-five rights issue aimed at raising HK\$498m to reduce debt and provide working capital.

KUALA LUMPUR's blue-chips ended moderately higher, although much of the day's attention was focused on small-capitalised stocks once again.

The composite index rose 1.59 to 1,158.42, while the Second Board index rallied to 2.4 per cent higher.

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Table with columns for FT/S&P ACTUARIES WORLD INDICES, Wednesday October 18 1996, Tuesday October 15 1996, and Dollar Index. Rows include Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Hong Kong, Indonesia, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Philippines, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, United Kingdom, USA, and various regional indices.

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